CREDIT

and Financial Management

November 1945

Features in This Issue

CREDIT

and Financial Management

Contents

NOVEMBER 1945

VOLUME 47, NO. 11

Official Publication of National Association of Credit Men

Chestnut at 56th Sts.,
Philadelphia 39, Pa.

One Park Avenue,
New York 16, N. Y.

Editor and Manager
Richard G. Tobin

Advertising Representative
S. E. McKeown
342 Madison Ave.,
New York 17, N. Y.

Advertising Manager
Clifford T. Rogers
(Major, U.S.A., on Leave)

ESTABLISHED 1898

Published on the first of each month by the National Association of Credit Men, Chestnut at 56th Streets, Philadelphia 39, Pennsylvania. Entered as second class matter December 22, 1933, at the Post Office at Philadelphia, Pa., under the Act of March 3, 1879. Subscription price $3.00 per year, 25¢ per copy; Canada, $3.50; all other countries, $4.00 postpaid.

The National Association of Credit Men is responsible only for official Association statements and announcements printed herein.

Uncle Sam's Payroll

Every businessman knows that it requires constant vigilance to keep the non-productive items of cost to a minimum. These non-productive costs, however, are essential to the management of any business. The cost of Government — National, State, County, or Municipal — is one of these items of indirect costs. Here, too, the need for keeping a proper relationship to the Nation's economy is not only important, but in the years ahead, a vital necessity if we are to keep a sound fiscal situation.

That these costs have grown disproportionately to the growth of the country is obvious. That these costs, unless they are reduced, may become an intolerable burden to a prosperous peacetime economy, is equally apparent. How then are we to cope with them?

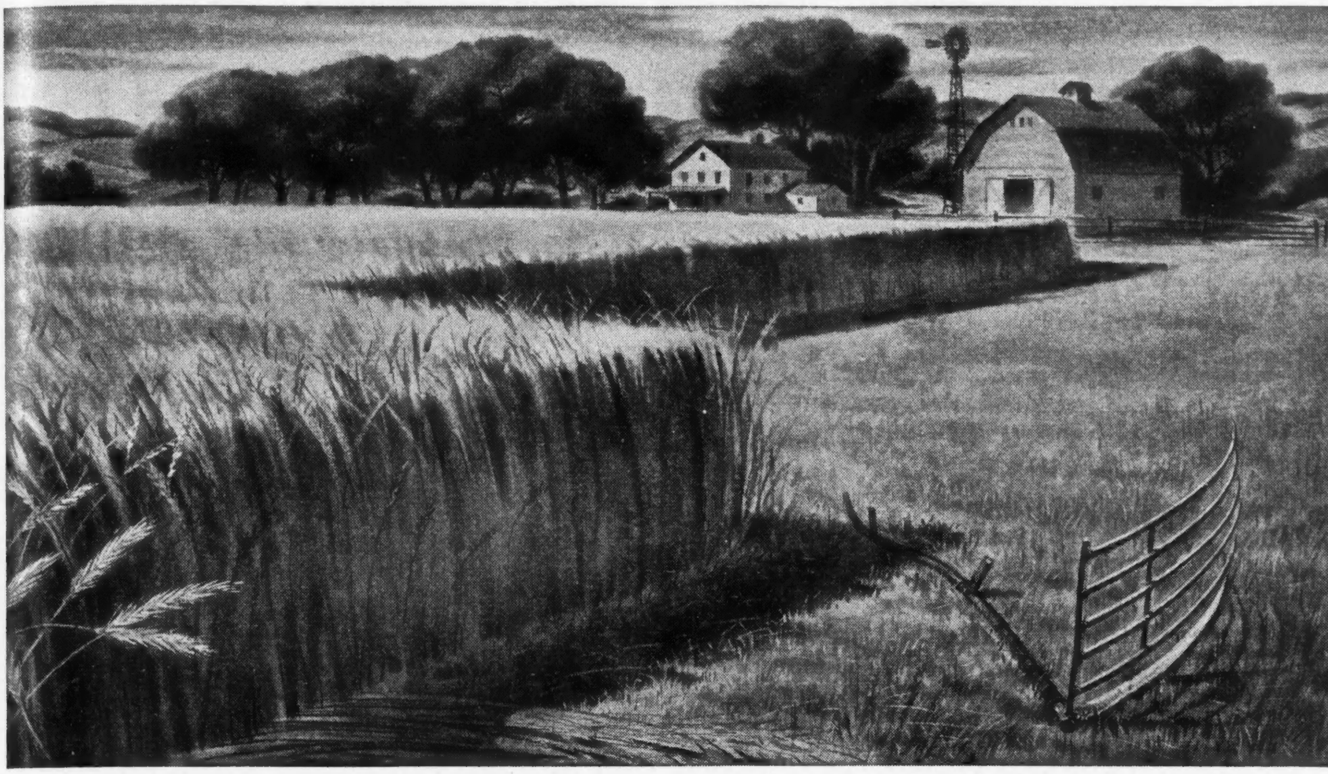
When the American people are fully informed on a subject, and such information is alarming, they usually act with dispatch in an aggressive manner. Perhaps one of the best ways to focus attention upon the rising tide of public servants is to demand that a monthly report be made giving the figures or total number of employees at the beginning of the preceding month; next, the total number of new employees added; third, those released during the month. These statistics are available now, but they are not emphasized enough.

One of the new agencies recently carried the report that on October 1st there were almost as many names on the Federal payroll as during peak of the war period. This does not satisfy the average citizen, when he reads reports of closing out and paring down this and that Washington bureau. He asks why it is necessary to hold to such a high payroll if so many bureaus are being reduced?

Such information, plainly given, would do much to keep the American people fully informed as to their costs of Government, and, I believe, would be very helpful in the development of a National demand to keep these costs in line.

Henry H. Heimann

Henry H. Heimann
Executive Manager



LET'S NOT DO HALF A JOB

THE WAR IS OVER, but *our* job is not . . . not yet. The Bonds you have already bought have fulfilled their promise of Victory. But though wars may end suddenly, their effects are felt for some time . . . one mighty effort, therefore, remains to us.

Money is needed *now:* to bring back the men who have been fighting in the far corners of the world — to pay for the medical care of the wounded, and for the myriad other expenses incidental to winning a great and terrible struggle. Money is also needed to restore that final ingredient of peace . . . to return the men to peaceful occupations in the land they left.

The best way to provide that money is through the purchase of Victory Bonds. That's why our government is counting on you to complete the task by supporting this one last great drive—the Victory Loan. Talk the Victory Loan . . . advise the purchase of Victory Bonds . . . and *buy all the Bonds you can, yourself, now.*

VICTORY LOAN

☆ THE HOME ☆

Insurance Company

NEW YORK

FIRE • AUTOMOBILE • MARINE

Are Annual Statements Outmoded?

Credit Men Require More Up-to-Date Information.

By ELLIS HEATH,
Credit Manager, Val T. Blacknall Company,
Atlanta, Ga.

Credit men have always been plagued by the lack of current financial information on doubtful accounts. At best, usually, they are able to get a year-end balance sheet and sometimes—though not often—an income statement. From the receipt of one year-end balance sheet to the receipt of the same firm's balance sheet for the next year, the creditor is usually without any real financial information. Also, such a balance sheet is received ordinarily three to six months after its applicable date, if it comes from a reporting agency, and from two to four months if received direct.

As often as not there is no disclosure as to assets pledged or encumbered or contingent liabilities assumed but not disclosed by the statement. Basis of inventory valuation is often not shown. There is no indication of the age of those two vitally important items, the receivables and payables. Often with good reason the creditor feels that more is concealed than revealed by the information furnished, whether it comes direct or through a reporting agency.

Thus the credit man finds himself accepting credit of doubtful accounts on inadequate figures anywhere from two to eighteen months after their applicable date.

Danger In Time Lag

Within this time lag a border-line account could become insolvent. And in normal trading years they do become insolvent in great numbers during this period when the creditor is without current information. One month's operations is sometimes sufficient to hopelessly involve a marginal account.

This was not as true during the period when the custom of issuing annual statements began to win favor. Primarily, the reason was that in those days business was more adapted to a yearly basis. Any statement given within the year would have been incomplete, as the transactions were based on seasonal or yearly terms, and the result of operations for that period could not be determined until it had ended.

Since that time the volume of business transacted has increased vastly, and the speed with which it is accomplished has multiplied many times over, as distribution became cheaper and more rapid and the territory served expanded. Probably no business trend has been more decided than the trend away from long-term mercantile credit, with its inventory turnovers geared to a yearly basis. As the volume of business multiplied inventories came to be turned more than once a year and credit terms were shortened accordingly. Goods became obsolete in an increasingly shorter space of time and business procedure was modified to correspond to the accelerated tempo. However, one of the few items of business procedure that was not changed was the custom of giving annual statements. Under these conditions the annual statement as applicable to marginal accounts has become an anachronism. It simply is not current enough to keep pace with modern business conditions.

It is true, as the different credit-reporting agencies might point out, that they have frequently anticipated failures and have issued appropriate warnings, often months before the debtor reached the end of the business trail. Nevertheless, nearly every insolvent debtor has many items among his liabilities that would not be there had the creditor had current financial information *at the time the sale was made*. Every credit man has had the experience of sitting by for months, practically helpless, and watching an account that owed him money "go to the wall," the creditor being unable to collect and seeing no benefit to himself in forcing the issue, feeling there might be some hope of the accounts recovery. A good portion of a bankrupt's liabilities is usually contracted before there is any clear indication of approaching insolvency under the present system of issuing annual statements.

In view of this it is easy to understand why credit acceptance is a gamble when the account is a marginal one, regardless of the credit man's faculty of observation and interpretation.

Seek Better Information

There have been a number of efforts in the past to remedy this situation in one way or another. Many companies have attempted to secure monthly trial balance figures from their marginal accounts, usually without a great deal of success. One reason for this failure was that a detailed trial balance gives a much more intimate picture of the business than does the condensed balance sheet usually submitted. Most companies, large or small, are understandably reluctant to disclose the record of their operation to creditors generally in the detail shown by a complete trial balance.

Other creditors have adopted the practice of mailing out statement forms anywhere from annually to semi-annually or quarterly. These forms are of considerable variety, some companies using the simplified Form 5-W adopted by the National Association of Credit Men, others using simplified forms of their own design. The success of these attempts to secure such information has varied greatly with different creditors; those occupying the strongest competitive positions usually securing much better results than the others, but probably none of these creditors would term their efforts a complete success. A great number of these companies have practically abandoned such efforts, as the marginal accounts themselves are the least cooperative in this respect.

Many Are Poor "Bookkeepers"

One fundamental difficulty often overlooked in attempting to secure a balance sheet more than once a year from such accounts is the fact that many marginal accounts are small, the proprietor or one of the partners or officers of the company often being the bookkeeper, in addition to his other duties. Usually such firm's accounting is of the barest and most elementary form that will give them enough information to collect from their customers, pay their bills, keep some tab on their cash and inventory, and give them an elementary breakdown of expenses. And this, for firms of this size, may not be as unwise a policy as it might seem on first consideration. Often the size of the company and volume of business does not warrant more elaborate record keeping. With these firms the bookkeeper may not be familiar enough with accounting procedure to close out the books and take off the statements properly. Indeed, many such firms hire an accountant to make an "Examination Audit" for the one primary purpose of securing a balance sheet and profit-and-loss statement. Naturally, the tendency of such a firm is to resist very strongly any proposal that they furnish a quarterly or semi-annual balance sheet or income statement. Usually, though, such firms do take a monthly trial balance, more for the purpose of assuring themselves that their books are in balance than for purposes of managerial control. Any attempt to secure more than an annual balance sheet—and possibly an income statement—is unsuccessful for the fundamental reason that such firms are not able to furnish these statements more than once a year.

A common reply to a request for such figures is that "So-and-So doesn't ask for such information. If you aren't willing to sell us on the same basis, we will give them all our business." The common aftermath of this situation is for the creditor to abandon his attempt to get the data requested to avoid losing the customer and in due time takes an avoidable loss on many of this class of customers.

Also, many of these companies only use their trial balance as an assurance that their books are in balance and give little or no thought to the condition the figures illustrate. Once they have determined that the books balance they lay the figures aside with little effort to interpret the trend the figures portray.

A Job for Reporting Agencies

Efforts to get a quarterly trial balance from these firms, along with a statement as to assets pledged or encumbered, contingent liabilities assumed, and an aging of receivables and payables, might be considerably more successful if the agency requesting this data was not a creditor but an impartial reporting agency. Further, if the agency could assure the marginal account that these figures and supplementary information would not be published without its permission but would be used as a basis for judging whether or not its condition continued to measure up to the condition shown by its last published balance sheet, it should have a much better chance of obtaining the figures requested. If the credit-reporting agency could state to such firms that a certain number of its creditors had asked it to secure such information this, too, would make the firm more compliant.

If such a doubtful account does not keep sufficient records to list a trial balance, or does not take one off at least quarterly, and does not age its receivables and payables, the creditor is doing such a firm a real favor in exerting pressure to have this done.

And here the creditors themselves could do more than any other party to influence such firms to give this information, provided they made it plain that future credit accommodations would depend to a considerable extent upon the firm's cooperation in the matter. The fact that the reporting agency would not publish the trial balance figures without specific permission but would only notify its subscribers if such figures showed a markedly poorer condition than that revealed by the firm's last published statements should make for confidence on the part of such doubtful accounts.

Comparative Statements Possible

The agency could prepare comparative statements from the trial balances for their own analysis. This would avoid placing the burden of this preparation upon the firm furnishing the figures, which would be quite an incentive with the smaller companies. If the agency would furnish these companies with a copy of the comparative statements, this also would be a large inducement in persuading them to submit their trial balances, particularly if the agency would send them its analysis along with a copy of the statements. This analysis would provide guidance that all these companies could use to great advantage.

In the event the figures did show a considerably poorer condition the creditors, with the marginal account's permission, could examine the figures and, if possible, develop a plan to help the account back to solvency.

Perhaps the greatest contribution the credit profession has made to the economic life of the country has been the progress it has made in the matter of adjustments, extension agreements, creditors committees, etc., by which many businesses have been salvaged and saved from complete failure. The extent of economic

(*Continued on Page* 11)

Social Credit In Alberta

An Economist Reviews Program Tried in Western Canada.

By J. E. Le ROSSIGNOL
College of Business Administration, University of Nebraska

The father and chief exponent of Social Credit is the Scottish engineer and "new economist," Major Clifford Hugh Douglas, who in numerous writings and speeches, has presented a diagnosis of the chronic disease which, he believes, afflicts our present economic order, and has also prescribed a specific remedy for it.

This disease, according to Douglas, is a sort of anaemia or shortage of money, which is the life-blood of the business world. In other words, the purchasing power in the hands of the community is always insufficient to buy what the community produces because, as Maurice Colbourne puts it, "the rate of flow of prices is always greater than the rate of flow of purchasing power."

This, of course, is a variety of the old overproduction-underconsumption theory of crises which we find in Sismondi, Marx, and other "unorthodox" economists, but it has been stated in a new way by Major Douglas and with new suggestions for relief and cure.

His basic proposition he states in the A and B theorem, representing two kinds of payments made by the owners of a factory or any other business concern. "A" payments include all payments made to individuals within the concern (wages, salaries, and dividends), and "B" payments are those made to other organizations for raw materials, machinery, bank charges, and other external costs. But inasmuch as the money going to Group A, the consumers deriving their income from the concern in question, can never be enough to buy goods which cost A plus B, there must always be a shortage of buying power and a consequent surplus of unsalable goods. From some other source, therefore, buying power must be supplied at least equal to "B" to make up the shortage and move the goods.

3 Points in Douglas Plan

For this condition the remedy prescribed by Major Douglas is threefold: first, national control of money; second, the fixing of just prices of commodities at their "real" cost instead of their financial cost, and the payment of subsidies to the sellers to reimburse them; third, the payment of a "national dividend" to consumers of something like 75£ to every person in Great Britain, and larger or smaller subsidies in other countries.

This is not the place for a complete criticism of this extraordinary theory and scheme, but it may be said, in passing, that the employees and proprietors of a given concern are not the only buyers of its products if, indeed, they buy any of them. The buyers, therefore, of the finished products of a given concern may be people connected with other concerns producing finished products, or farmers or miners supplying raw materials, or employees in factories supplying machinery, or bankers supplying credit. In other words, the people in Group B are consumers and buyers as well as those in Group A and, in normal times, when there is a "continuous, expanding, circular flow" of goods and money, the firms in all stages are paying out enough money currently to buy the goods which are currently reaching the end of the productive process, and there is no perpetual surplus of unsalable goods.

In fact, Major Douglas, as interpreted by Maurice Colbourne, admits "that the B of one factory becomes *at some time or other* part of the A of other factories. *But not necessarily at the right time:* It becomes part of the A of other factories *before* the goods in respect of which it was issued appear on the market."

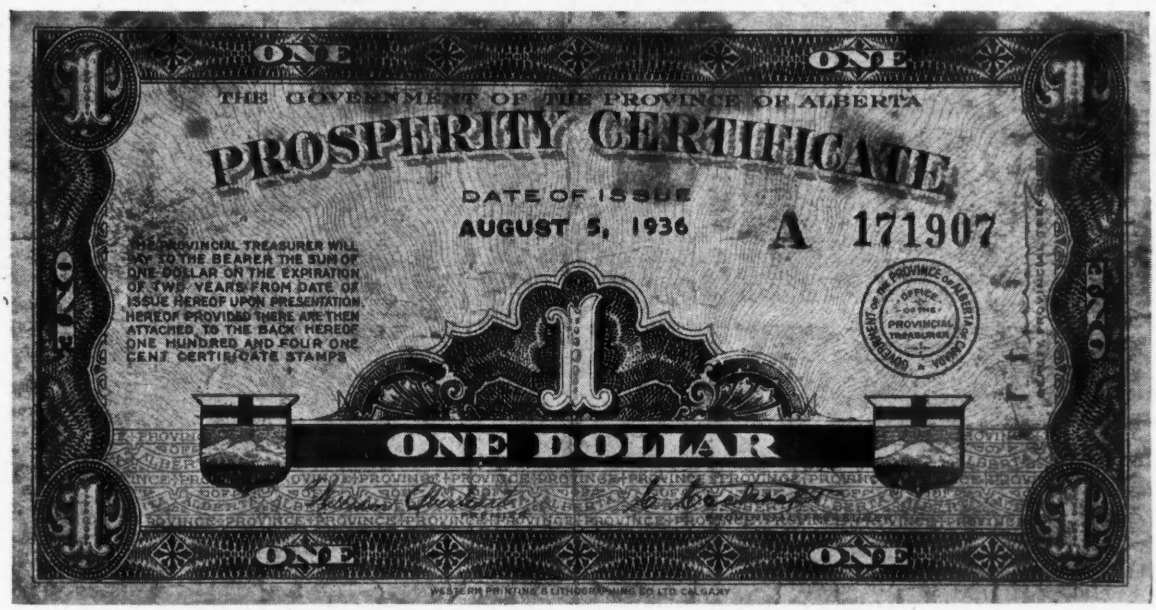
This, obviously, is a fatal admission, for, in normal times, production, exchange, and the flow of buying power go on continuously and simultaneously, and the people supplying raw materials, machinery, credit, and the other intermediate goods of Group B regularly buy the finished goods of Group A as they appear on the market. But if the A and B theorem were correct and the B people could not buy the goods produced by Group A, the business world would never enjoy a single day of prosperity, but would be utterly paralyzed and in a state of perpetual collapse, which is a contradiction in terms.

Proposes "A Shot in the Arm"

It may be well to note, also, that the subsidies to retailers and the national dividends recommended by Major Douglas as a sure remedy for the chronic malady of the body economic would involve an immense and continuous injection of new money and a corresponding inflation, which might revive the patient for a time but would sooner or later be followed by crisis and deep depression.

Notwithstanding these and other heresies—or because of them—the theories of Major Douglas have had considerable vogue in Great Britain, the United States, and the British Dominions, especially during the depression of the thirties. In the Province of Al-

Alberta's "Prosperity Money"



This is a reproduction of the Alberta Prosperity Certificate with which it was proposed to cure the "money woes" of every person in the province. As Mr. Rossingnol explains "they failed."

berta the people, mostly farmers, had suffered severely because of the low price of meat, high railway rates, drought, frost, hail, insect pests, and debt, so it is not surprising that they gladly listened to the social crediters, with their denunciation of the banks and other money-lenders and their glowing promises of fair prices, abundant money, subsidies, low rates of interest, and freedom from debt. Under similar circumstances the neighboring Province of Saskatchewan turned to the socialism of the Canadian Commonwealth Federation.

The protagonist of Social Credit in Alberta was William Aberhart, a graduate of Queen's University, principal of Crescent Heights High School, Calgary, and dean of the Calgary Prophetic Bible Institute, who, about the year 1931, became a zealous convert of Major Douglas. As he had been using the radio for some years for evangelical broadcasting, he had already a large following, to whom he now preached a weird combination of prophetic interpretation and the gospel of Social Credit. Before long he became the acknowledged leader of the new movement, and when the social crediters, in the election of October, 1935, won 57 out of 63 seats in the provincial parliament they found a seat for Mr. Aberhart and made him premier of Alberta.

$25 a Month for All Adults

Among the pre-election pledges of the social creditors was the promise of "basic dividends" of about $25 a month to every bonafide adult citizen with smaller payments to minors. They were to be paid in "non-negotiable certificates," which were to circulate rapidly as their buying power would cease one year after issue. The certificates were to be backed by a "levy" of about 5 per cent on the "unearned increment," the "price spread" between the cost of commodities and their selling prices. Just prices, also, were to be fixed by the government so as to give the farmer, for example, a fair price for his wheat and yield the government, say, 5 cents per bushel as an unearned increment levy. These promises were not quite in harmony with the views of Major Douglas, but they were sufficient to win the election.

After this the new government proceeded to fulfil its promises—in part, at least—by the Social Credit Measures Act of April, 1936, under which were issued about $262,000 of "prosperity certificates," otherwise known as "scrip money" or "rapidity dollars." These certificates were paid out as part wages to laborers on relief works and for other governmental expenses. They were expected to circulate rapidly as the holders were required to put a one-cent stamp weekly on every dollar bill which, in two years, would provide a redemption fund of $1.04. However, for various reasons these certificates did not circulate as expected and were soon redeemed, apart from those kept by collectors as souvenirs. This, of course, was not according to Douglas, but was similar to the "free money" scheme of Silvio Gesell.

The act provided also for the creation of the Alberta Credit House, a provincial bank with power to establish branches, receive deposits, and make loans without interest in non-negotiable certificates. Lending without interest did not last long, but the Credit House still exists with about 34 branches and does about 10 per cent of the total business of the province, the rest being done by the chartered banks. It makes loans in regular money at from 3½ to 5 per cent and is said to have brought about a reduction in the rates charged by the banks.

Alberta's Credit Impaired

The act made no provision for the payment of "basic dividends," but the taxpayers and debtors were placated

later by the Provincial Securities Interest Act of June, 1936, and the Reduction and Settlement of Debts Act of September. By the former law interest rates on provincial bonds and government guaranteed securities were cut from an average of 4.89 per cent to 2½ per cent, and the right of access to the courts was denied to the creditors. By the latter act, which applied only to farmers and resident home owners, in the case of debts incurred before July 1, 1932, interest was wiped out and later payments were to be applied to the reduction of the principal. The act provided also for the declaration of a moratorium by the Lieutenant Governor.

As a result of this dractic legislation Alberta's credit was seriously damaged in the eastern money markets and money and credit almost ceased to flow to Alberta for ordinary loans and for the development of the coal, oil, and other resources of the province. Thus the anti-creditor legislation had results the very opposite of those intended. Moreover, the Aberhart Government must have known that the legislation would presently run against the stone wall of constitutional limitations, and so it did.

By the British North America Act of 1867, which is the constitution of Canada, the provinces were given jurisdiction over matters of local interest, such as municipal government, prisons, hospitals, roads, property, and civil rights. To the Dominion Government were given all those broad powers affecting national interest, such as defense, banking, currency, and interest. Moreover, the powers not granted to the provinces were reserved to the Dominion and, in case of conflict of powers, the Dominion could overrule the provinces. Furthermore, the Dominion was given the right to disallow any provincial legislation.

Tests cases came very soon before the Alberta Supreme Court and, in February, 1937, both of the acts in question were declared *ultra vires* as dealing with interest, a legislative field reserved to the Dominion. Indignant at these decisions the Aberhart Government decided to ignore them and proceeded to enact still more drastic legislation. A special session of the Legislature was called and three new bills were passed in August, 1937: one to license and regulate the chartered banks, a second to block all appeals in Alberta courts on the constitutionality of provincial laws, and a third bill designed to close the courts of Alberta to bankers who refused to take out licenses. The bills were formally approved by the Lieutenant-Governor, but presently disallowed by the Dominion Government.

Would Even Control the Press

Determined to fight to the bitter end, Mr. Aberhart defied Mr. King, Prime Minister of the Dominion, denounced the banks as chief instigators of the disallowment and promised to bring them to heel by punitive measures. The Credit Regulation Act, so recently disallowed, was passed again; a new bill was passed imposing special taxation upon the chartered banks; and a third bill was passed to control the press by enforcing the publication of Government statements, compelling the newspapers to disclose their sources of information about governmental policies, and prohibiting the publication of information from barred sources. These bills were presented to the Lieutenant-Governor, but royal assent was reserved "for the signification of His Excellency, the Governor-General's pleasure thereon."

These bills also would have been disallowed had not Premier Aberhart and his Cabinet requested the Dominion Government to refer them to the Supreme Court of Canada. This was done, and on March 4, 1938, all the bills were declared unconstitutional, and the Court declared also that the Governor-General in Council had the right to disallow provincial legislation. Not only so, but the Social Credit Act itself, the "mother act," which had not been referred to the courts, was declared to be *ultra vires* as interfering with the reserve powers of the Dominion Government in respect of money, banking, and inter-provincial trade and commerce.

Social credit, therefore, was found to be impracticable in Alberta or any other province of Canada, but Major Douglas could say that it had not been tried under favorable conditions. Indeed, in his report to the Reid Government in June, 1935, after his brief visit, he had expressed doubts as to the success of his system in the province because of constitutional limitations, the rock on which it was later wrecked. And yet he seemed pleased to have the experiment tried in Alberta and encouraged the Government more or less with sympathy and advice.

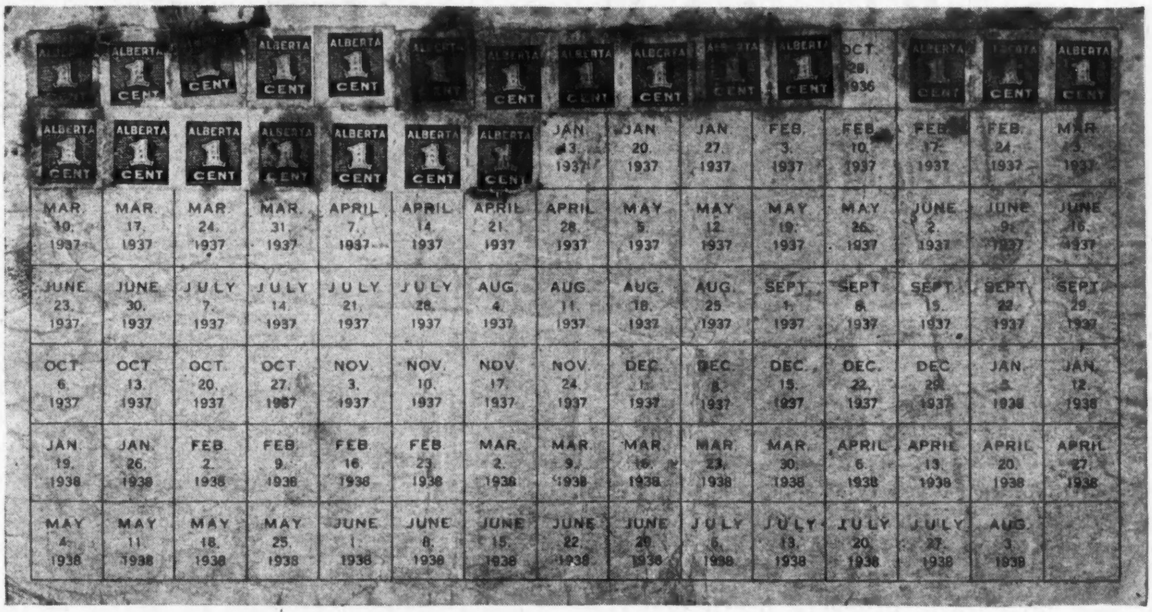
The Socialites Disagree

After Mr. Aberhart came to power Major Douglas was invited to revisit Alberta and help the Government to launch the plan, but he declined the honor and responsibility. However, toward the end of 1936, John Hargrave, leader of the Social Credit Party of Great Britain—the Green Shirts—came to Alberta and, in consultation with a committee of the Cabinet, drafted a plan for simon-pure Social Credit. They laid down eleven guiding principles for the Legislature, including the issue of interest-free money which was to be legal tender within the province. Major Douglas sharply disagreed with the plan, whereupon Mr. Hargrave retaliated by saying that the Major, being absent, did not understand the situation.

Mr. Aberhart, too, fearing a constitutional crisis, hesitated to approve the report of the committee, and Mr. Hargrave, as he shook the snows of Alberta from his feet, said that he had found no social credit there and that the Government had been "groping its way like a man stumbling along on a pitch-black night."

Shortly thereafter a Social Credit Board was appointed who should select a commission of technical experts to devise a feasible plan of social credit. The Board consulted Major Douglas, who sent two of his staff, G. F. Powell, "efficiency expert," and L. D. Byrne, "technical expert," but too late to accomplish much, as the constitutional crisis was already under way. Mr. Powell presently got into trouble with the law of libel for denouncing nine prominent citizens as "bankers' toadies" and, after spending several

How "Prosperity Money" Was to Be Redeemed



Every time the Prosperity Certificate was used in trade the person offering it was supposed to affix a one-cent stamp so that eventually each certificate would represent $1 in "hard money"

months in jail, was glad to go home to England. Mr. Byrne, however, remained in Alberta as adviser to the Social Credit Board and is now Deputy Minister of Economic Affairs.

Blames the Character of the People

Although Major Douglas had anticipated the constitutional trouble, he was sadly disappointed at the slight success of the world's first Social Credit Government. In his book, "The Alberta Experiment," published in 1937, he attributed the failure largely to the character of the farming population of Alberta, "more than one-third of it drawn from German and Ukrainian farming and peasant stock," and to the character of Mr. Aberhart himself, "a peculiar combination of school-master-preacher grafted upon an unusually ambitious temperament lacking either political experience or social sophistication, together with a popularity as the prophet of a new world, both temporal and spiritual, almost impossible of belief to those who had not witnessed it."

But Major Douglas might well have restrained his ridicule of Premier Aberhart, as he himself, during the constitutional crisis, committed more than one *faux pas,* witness his approval of the press control bill and his naive suggestion that the Government should touch one of the charatered banks for $5,000,000, or, failing that, should call on holders of stocks and bonds to exchange them for new Alberta securities paying one per cent.

After the fateful decisions of the Supreme Court of Canada one might have expected the social crediters to retire or be retired from the political arena and give the United Farmers of Alberta another inning, but they did nothing of the sort. On the contrary, appealing to their record as an honest and economical administration, reminding the debtors that they had been greatly helped in time of depression, and promising to carry on the fight for Social Credit on the broader field of Dominion politics, they appealed to the people of Alberta in the election of 1940, when they won 36 seats out of 57, and again in August, 1944, when they won no less than 51 seats out of 57. Strange to say, in the latter election they were supported, by and large, by the banks and other business interests, who feared the social crediters less than the socialists of the C.C.F. who had come to power in Saskatchewan. Moreover, in the later election the business interests were motivated by hope as well as fear, inasmuch as they had been assured that the Government, if sustained, would presently move to pay and reconvert the public debt and thus restore Alberta's shattered credit.

Decide to Pay Public Debt

The social crediters, therefore, have remained in power for more than ten years, but since the debacle of 1938 they have fathered no important legislation of the Douglas brand. But during those years they have had experience and gained wisdom and have come to see that, if they are to establish their financial credit, they must play the game according to the rules, for a time at least. Wherefore, after the death, on May 17, 1943, of Premier Aberhart, who was belligerent to the last, his successors resolved to put the finances of the province on a firm foundation by paying the public debt.

On July 24, 1945, at a special session of the Legislature, the new Premier, the Hon. E. C. Manning, presented in two bills the Alberta Debt Reorganization Plan, previously prepared by the Hon. Solon E. Low, former Provincial Treasurer, providing for the pay-

(*Continued on Page* 26)

Confidential Nature of Credit

Information Must Be Guarded by Giver and Receiver

By STANLEY B. TROTT,
Vice-President, Maryland Trust Co., Baltimore

Credit, primarily, is based on man's confidence in man. Were it not for this thing called confidence, the amount of credit accepted, if any, would be so negligible that our rivers of commerce would be but struggling brooks. Credit in its infancy was based on confidence alone, often on confidence in just the recipient's word that he would repay.

As business progressed, following the industrial revolution, and all business methods underwent vast changes to keep pace with an ever-accelerating volume of production, it became necessary to base credits on terms that would induce buyers to purchase in larger quantities, and to approve credits of individuals and firms located far from the sources of supply. Additional information, and more clearly defined information, was needed to form a proper basis for credit. The result was that due to the impossibility of knowing personally many of those requiring credit, it became essential that the grantors of credit secure and rely on pertinent information from outside sources. Based on this information, credit is often accepted from those whom the seller has never even seen. Does this mean that this intangible thing called confidence has disappeared from the picture? Not by any means—it is there in greater quantity than ever. But it does mean that the confidence is now divided—one part to the one whose credit has been passed (based on information received) and the other part to the supplier or suppliers of the data.

Sources of Credit Information

Undoubtedly, most of us engaged in appraising credits or assembling of credit data secure our information largely from the following sources:

1. The one who places an order with us.
2. The reporting agencies.
3. Trade and banking sources who have had other transactions with the subject.
4. Personal observation, opinions of the street, rumor, hearsay, etc.

Practically all of this comes to us as confidential information, given us for our knowledge and use and not for anyone else (including the subject of the investigation).

Here again we get back to man's confidence in man. If we are to base our credit judgment on information received, then we, as Credit Men, must have the utmost confidence in one another, particularly if we are to have a free exchange of credit information, between and among trade sources, reporting agencies, banking sources and others. If we are to accept the information at face value, we must have confidence in the one supplying it.

On the other hand, when we are giving information, we must have confidence in the one to whom it is being given, sufficient confidence so that we can give him the full benefit of our experience with the subject of the inquiry, so we can tell the whole truth and hold nothing back. That is what we anticipate receiving and therefore should reciprocate in like manner. But how can there be a frank and honest exchange of information among credit men without confidence in one another?

What Is Basis of Confidence

Let us analyze this question for a moment and ascertain what attributes or virtues would be required to establish that confidence. Beginning with the assumption that to us, at least, the information in our credit files represents data for which we are directly responsible, either to our customers or a credit source, and should be considered of the most confidential nature, then, if one credit man is willing to share his information with another, wouldn't he be justified in expecting the information supplied by him to be held and utilized in an equally confidential manner. If he always has that assurance, he will rarely refuse assistance to another credit man, and will in practically all instances, furnish him full and complete information orally or by letter. That is the kind of exchange of credit information we all like to see. But there are two sides to that deal. The individual making inquiry expects to be protected in the same manner in which he should regard the information he receives. He might be subjected to considerable embarrassment if it were brought to the attention of the subject that an inquiry was originating from a certain source. The inquiry and the reply thereto are equally important from a confidential standpoint, and this seems to be doubly so if the inquiry originates in a financial institution.

I don't believe that anyone violates this thought knowingly or with a full realization of the consequences of his act; however, it is violated at times, and while the intention, no doubt, is good, the result is disastrous. It usually happens somewhat in this manner: X re-

ceives a letter from Y inquiring about the credit standing of Z; X writes Y a very complimentary letter about Z and then one day Mr. Z is in X's office, and X sees a grand opportunity to build himself up with Z, and probably sell a larger bill of goods than usual. "Look, Mr. Z, here's how much we think of you. This is a copy of a letter we wrote to Y when he inquired about your credit standing here." Nine times out of ten, Y has now lost a customer. X didn't mean to hurt Y, but by violating one of the first principles of credit practices, he did Y irreparable harm. Do you think it doesn't happen? I have seen or heard of at least five instances within the last six months, and in one instance, the writer of the reply mailed a copy of it to the one about whom the inquiry was made. Does an occurrence of this kind represent a violation of that confidence one credit man should have in another, and if so, isn't it true that repetition will tend to destroy the present system of free exchange of information among credit men?

Banks Guard Information

For many years it was common knowledge among credit men in mercantile establishments, that there was little, if any, use in writing to banking sources for credit information, because such inquiries brought forth only stereotyped replies, of little or no value. This was undoubtedly true because banks guard very jealously the information in their credit files. However, the banks really need the information about borrowing customers that can be secured from trade sources, and have learned that in order to secure it, they must also supply it. It took a long time to break down this Chinese Wall that stood in the way of free exchange of information between banks and mercantile houses. It was a process of educating bank officers who handle credit information to the point where they believed that information would be exchanged, either given or received, in strictest confidence.

When new employees are taken into banks, one of the first things impressed upon them is that all and any information pertaining to any of the bank's customers is of a highly confidential nature. When, after a period of satisfactory service, an employee shows talent or adaptability for credit department work, this same theme is again impressed upon him, but more forcibly. He is taught to give information regarding a customer's credit standing only to those who are legitimately entitled to it, and who will respect the confidential nature of it. By the same token he is taught never to divulge to the subject of an inquiry the source from which it comes.

A Return to Former Standards

No doubt we have all gotten by with a great many deficiencies in the conduct of our business on the excuse that "there is a war on." But the war is over now, and we are going to expect more of one another. War manpower controls have eased, some of our regular employees will return to us from the Services, and once again efficient office personnel will be available. In reconverting or readjusting our offices to new, postwar standards, let us not lose sight of the fact that if we wish to progress, our standards must be raised ever higher.

Professional people, such as doctors, dentists, lawyers and others, all observe very carefully the ethics of their profession. The credit man is a professional man too, and as such should observe and promote the ethics of his profession.

If, under the pressure of wartime business, we have been too busy and preoccupied with other important things to give much thought to ethics, let us brush up a bit now, let's go back to where we left off in December, 1941.

Our young men and women fought this war to make the world a better place in which to live. We owe it to them and the world in general to do our part in whatever way we can.

Annual Statements Outmoded

(*Continued from Page* 6)

loss to the country from failures in a normal trading year is hard to realize. If it were possible for creditors generally to obtain more current financial information, a large number of these failures might be avoided.

Both the reporting agency and creditors would be afforded a valuable opportunity to give firms that were beginning to get into difficulty needed advice which should be very helpful to them. In this way, and with creditor cooperation, many maladjustments could be corrected before they had gone too far. Such an arrangement would make creditor and debtor cooperation in times of difficulty much easier and would facilitate the use of extension agreements, adjustments, etc.

This service by the reporting agency would naturally cost more than their regular subscription rate. Most creditors would be glad to pay considerably more for such service on their marginal accounts, if it were obtainable.

We have not fully realized that the tremendous increase in both the volume and rapidity of business transactions has made the annual statement inadequate as a credit basis for marginal accounts. So very many overnight and unpredictable factors can, and under modern business conditions do, affect such accounts in so brief a period to time as to render even a six-month-old statement out-of-date. The constant improvement and re-designing of goods, sudden style changes, dislocation of whole communities by strikes or plant closings, sudden price changes, natural catastrophies, and innumerable other factors often change the condition and prospects of these accounts drastically in a matter of days and weeks rather than months or years.

If the creditor were able to secure current financial information on every account he still would have no "cure all" for the many difficulties that beset credit work, but he would have a potent weapon in the fight against this country's high insolvency rate.

Probably no plan will ever make it easy to obtain financial statements more than once a year. This information will always be obtained with considerable difficulty; but the prospect is that the great necessity for this data will, sooner or later, compel the adoption of some plan for securing it, regardless of the difficulty.

What Will Full Employment Cost?

An Economist Analyses Bill Now Before The Congress

By WALTER E. SPAHR,
Professor of Economics, New York University, and Economist for National Association of State Chambers of Commerce.*

Should the Full Employment bill, H. R. 2202, become law, and should Congress and the Administration seriously attempt to make its provisions effective, the people of the United States apparently will find that something of far greater importance has happened to them than they now seem to suspect.

Although several competent analyses have been made of this bill, their net effect thus far appears to have been extremely limited. Such analyses do not, in general, reach popular periodicals because of the rather heavy and technical character of such studies. The sense of responsibility of reputable and experienced economists in general precludes the type of observation and analysis that makes headlines or appeals to the emotions of people not in a position to weigh properly the provisions and implications of this bill.

At the same time, the sponsors of the proposal have the means by which they can largely ignore and smother such analyses while at the same time, they can give, and have been giving, wide dissemination to glittering statements and plausible propaganda in favor of the proposed program.

A Sugar-Coated Bill

Furthermore, the proposals in the bill are presented in a manner that will tend to win approval more or less automatically from laymen and to disarm those who may not read between the lines or grasp the dangerous implications contained in the plan. The principal device employed to accomplish this aim is the incorporation in the bill of a lengthy declaration of supposedly-admirable purposes.

Such material is in the nature of a preamble: and, should this bill be passed, such material still would not be law despite the fact that it follows the enacting clause. "Legislating by preamble," a device that has been employed extensively in Washington in recent years, cannot be defended in legislative law; and it is dangerous because it is used to mislead a trusting public.

It is this preamble-type of material that has entered chiefly into the popular discussion of this bill and has been, and is, utilized, because of its emotional appeal, in the organized propaganda now being brought to bear upon the general public and members of Congress by certain Administrative, Congressional, and various other pressure groups.

Danger Lies in Mechanism

But the major defects or virtues of this bill are not found in the announced purposes. They are in the mechanism designed to provide so-called "full" employment. And since this mechanism involves complex questions regarding statistical measurements and intricate causal relationships in the economic world, many economists and others opposed to the socialization of our economy fear that the general public may not be in a position to weigh the factual evidence which reveals the merits or dangers in this program. In respect to many, if not most, of the basic assumptions made in the bill, some of our most experienced and reputable economists are entering vigorous denials as to their accuracy or practicability.

But regarding this aspect of current appraisals of the bill, the public, generally, seems to be uninformed. The procedure in the Senate Committee on Banking and Currency probably contributed relatively little in giving the general public worthwhile and reliable enlightenment on the nature and implications of this proposal.

The bill provides for a "National Production and Employment Budget," shortened to "National Budget" —a budget which far exceeds in complexity of concept our large and complicated Federal Budget. It is to include the estimated size of the labor force and the estimated aggregate volume of investment and expenditures by private enterprises, consumers, and state, local, and Federal governments supposedly *required* to produce the gross national product deemed necessary, at expected pricas, to provide full employment opportunities. It is also to contain estimates of the *contemplated* investment and expenditures of these groups, *apart from* the National Budget program, including such foreign investments and expenditures for exports and imports as affect the volume of the gross national product.

The President is required to transmit such a budget to Congress at the beginning of each regular session.

* Extracts from testimony presented before the House Committee on Expenditures by the Executive on the Full Employment bill H R.2202 presented on October 28, 1945.

The Budget is to be applicable to the ensuing fiscal year or such longer period as he may deem appropriate. If the estimated volume of prospective investment and expenditure for any fiscal year or longer is less than the estimated volume required to assure "full" employment, the National Budget shall provide for correction of the deficiency. The President is to set forth ways of encouraging non-Federal investment and expenditure to increase employment and, to the extent that these are thought likely to prove insufficient, he is to provide a program of Federal investment and expenditure. His recommendations are to favor the utilization of private enterprise "except where the performance of such work by some other method is necessary by special circumstances or is authorized by other provisions of law."

If, conversely, the estimated aggregate volume of investment and expenditure is more than is supposed to be required to assure "full" employment, the President is required to present a program designed to contract this volume.

He is also authorized to submit supplemental or revised estimates, or programs, or legislative recommendations to Congress "from time to time." He is required to review all Federal investment and expenditure quarterly to ascertain any changes supposedly needed in the volume of Federal investment and expenditure, and "the rate of Federal investment and expenditure may be varied to whatever extent and in whatever manner the President may determine to be necessary for the purpose of assisting in assuring continung full employment. . . ."

This National Budget is to be prepared in the Office of the President in consultation with the members of his Cabinet and other heads of departments and establishments. In addition, there is to be a Joint Committee on the National Budget composed of fifteen members of the Senate and fifteen members of the House who are supposed to study the Budget and to report to Congress by March 1 of each year.

Can Estimate Be Accurate?

Serious questions arise concerning the concept of the National Budget. Its reliability and value, quite apart from matters of purpose and practicability of administration, rest upon other concepts such as those of gross national product, the aggregate volume of investment and expenditure, regular and full-time employment, and so on, regarding which our statistical data are inadequate and of a questionable character. Most of these concepts are matters of dispute among economists both as to definition and as to the possibility of accurate measurement.

The literature on these matters is voluminous and highly technical. It is not read nor understood by the layman. It has given rise to specialists in this field. But it is important that all members of Congress understand that the success or failure of the program provided for in this bill rests in large part upon the scientific reliability and value of the concepts involved in net national income, gross national product, the "National Budget," and related and subsidiary matters.

As a serviceable example of a common type of debate by specialists over the concepts and measurement of national income, national product, and savings, I urge the members of this Committee to consult a booklet called "Measuring and Projecting National Income," *Studiess on Business Policy, No. 5* (National Industrial Conference Board, Inc., 247 Park Ave., New York 17, N. Y., March, 1945).

"There is in my opinion not enough money in America to have the government, for any appreciable period of time, give everybody a job and still maintain an American standard of living or solvency. I repeat, in my opinion such government aid cannot be of the legislative type of the full employment bill. Such aid can be an economical and cooperative government administration.— ***Henry H. Heimann in the September Monthly Business Review.***

Both national income and gross national product are computed in terms of dollars. Thus the increase in income and product may have no relation to national well-being. Their relationship is to spending, not necessarily to a healthy production; and a nation can spend any amount if its government is so disposed. National well-being may decline rapidly as national income or product in monetary terms increases. This situation appeared to some degree in this country during this war, since our expenditures for products to be destroyed and for outright waste showed up as part of the national income and product. The national income and product concepts in this bill contain these misleading fallacies.

Unless the members of Congress have a good understanding of the nature of the concepts underlying this so-called "National Budget" and of the reliability or unreliability of available statistical data and of the inference being drawn by our social planners from such data, I do not believe that they can possibly understand some of the most important features and implications of this bill.

What Is Full Employment?

Perhaps it would be helpful to take a much simpler example of some of the difficulties involved in this bill because of the vagueness of concepts found in it: What, for instance, is "regular" and "full-time" employment—how many days per week must one work, how many hours per day, how many adult members of the family must work, how many holidays may there be, at what age may one begin work, and at what age may or must one retire? How can the notion of "continuing full employment" be applied to seasonal workers, specialized workers, migratory workers, apprentices, incompetents who are discharged, and those changing jobs? Is not the need for "full" employment greatest when the living standard of people is

lowest, and least when their standard is highest? Does not the idea of "full" employment dissociate wages from productivity? Are not prosperity and productivity, rather than "full" employment, the major considerations?

This bill directs the President to proceed as though our statistical data on the basic elements involved were complete and reliable or can be made available when needed. It directs him to make predictions on the basis of data known to be incomplete and unreliable. It proceeds upon an assumption that a deficit in what is supposed to be the "proper" amount of spending and investment can be stated with accuracy, and that this deficit can be related in a definite manner to the unemployment which has prevailed or may be predicted.

A remarkable thing about the agitation for this bill is that the Administration, which has publicly admitted that it does not know whether this country is headed toward what it calls "inflation" or toward deflation, asks that it be impowered and required by law to predict accurately eighteen months ahead. As an example of this sort of admission I refer the Committee to Mr. Vinson's *Third Report of the Director of War Mobilization and Reconversion* to the President and Congress, July 1, 1945, especially pp. 53-54.

It is reasonable to suppose that, if the Administration can predict the total spending, income, and expenditures of consumers, business, state and local governments, and the Federal government, as assumed in the proposal for a National Budget in this bill, it could at least predict with a high degree of accuracy the receipts, expenditures, and deficits in a proposed Federal budget. The fact, however, is that the Administration has not been able to estimate receipts, expenditures, and deficits in the Federal budget alone for the ten-year period, 1935,1944, with anything approaching accuracy.

What of Our Federal Budget?

Henry Hazlitt, of the editorial staff of *The New York Times,* in the issue of October 1, 1945, presented an analysis of these forecasts, and, if his data are accurate, actual expenditures differed from budget estimates by amounts ranging from 8 to 85 per cent per year with an average error of 29 per cent. Taking the seven peacetime years, the range fo error was from 8 to 51 per cent, the average error being 23 per cent.

The errors in estimating receipts for the ten-year period ranged from 3 to 55 per cent with an average error of 19 per cent. The range of error for the seven peacetime years was from 3 to 22 per cent with an average error of almost 10 per cent.

The range of error in the estimates of the annual net deficits in the Federal budget for six of the seven peacetime years was from 9 to 422 per cent, the average error being 150 per cent. (The year 1938 was omitted from the calculation because an estimated surplus turned out to be a large deficit.) The range of error in estimating the Federal deficits was even greater in peacetime years than during the war.

Since this is the seven- and ten-year record of this Administration in predictions, confined to three simple items in the Federal budget alone, how can it be assumed, as in this bill, that the Administration can predict with any accuracy many more items covering much more territory regarding which the Administration's data and knowledge would be, of necessity, much less reliable? Has not Mr. Hazlitt put the question properly when he says: "If the President cannot accurately estimate what Congress is going to spend (though he has a veto power), how can he or his statisticians be expected to estimate accurately what forty-eight State Governments, thousands of cities and towns, hundreds of thousand of business firms and 140,000,000 people are going to spend—when most of them are not even sure themselves?"

Not Based Upon Realities

This bill is essentially a series of assertions cut loose from realities. It states how governmental policies are to promote private enterprise, how they are to bring about the desired activity on the part of business, how they will assure "full" employment, how consumers' expenditures will be increased or decreased as desired, how capital outlays of business will be increased or decreased as needed, and so on, just as though assertions of this type in a law can effect the ends desired.

The bill incorporates what has come to be known as a compensatory economy program, the soundness of which has been challenged repeatedly by many of our most responsible economists. Provision is made for government spending to take care of the estimated "deficits" in the National Budget. No consideration is given to the effects of taxation or borrowing on the private economy. In so far as the theories in this bill go, taxation and borrowing might be exceedingly heavy and disturbing. No consideration is given to the possible size of the Federal debt or to other unfortunate disturbances which the proposed government policies and actions probably would cause. Under this plan we could have a series of deficits until the public credit collapses.

The bill, like the general run of comments on it by its proponents, seems to reveal no clear understanding of the net effects of similar government policies in the past, as, for example, during the 1930's. When a policy, much like the one proposed, was tried in this country during those years, the economy was so disturbed that unemployment remained at a high level despite the heavy governmental expenditures. The flow of capital into new enterprises declined to a mere trickle. The velocity of bank deposits, which in general reflects people's optimism or pessimism, declined to the lowest level on record up to the time we embarked upon our armament program—to a point below that reached at the depth of the depression in July, 1932. Facts of this type are ignored by the proponents of this bill. Moreover its sponsors offer none that would warrant support for the theories on which it rests. They are asking the people of the United States to accept the bill on faith—on the basis of assertions and the declaration of purposes.

Government Cannot Do the Impossible

The bill takes for granted that even though a nation has been plunged into a severe war, with all the

attendant serious and radical adjustments that are involved, the central government, if it will only take certain supposedly-appropriate measures, can effect a smooth transition to a peace economy and enable the country to escape a severe postwar reaction. Many economists doubt that there is any basis in economics, or in economic history, for such an assumption. They believe that, so long the there are wars, severe economic adjustments and readjustments are natural and unavoidalbe consequences. They insist that much of our thinking in the late 1920's was of the type being revealed in the widespread current assumptions. We thought then that if we could maintain a stable price level and continue certain other supposedly-enlightened policies which our government was thought to be pursuing, we could escape a secondary and severe postwar reaction. We were soon taught the foolishness of those notions. Today we are seeing essentially similar assumptions made. The importance of a stable price level is being stressed substantially as in the late 1920's.

There is nothing in the proposed plan that would indicate how much government spending is necessary to put a certain number of people to work. For instance, during the days prior to the pump-priming program of the 1930's, when the Federal budget was approximately five billions of dollars, what was the relationship of this budget to the number of people employed? According to fairly conservative estimates, the best we can expect in the way of a "Normal"-time postwar budget is one of, say, 25 billions of dollars. With a budget of five times the pre-pump-priming budgets, what would be the relationship of this extra 20 billions of Federal expenditures to the number of people that would and would not be employed?

The plan fails to recognize what qualified economists know to be the difficulties in "solving" the problem of unemployment by government action: A government is a cumbersome machine and slow in launching public works. It is difficult to start these in the areas of unemployment and, therefore, labor often must be moved to distant points and perhaps be provided with special housing and other facilities. Projects, once started, are rarely stopped when the need for such employment disappears, partly because of the waste involved in the incompleted enterprises. There is the question of how to utilize the products or services for which there may be little or no demand. The supervisory bureaucracy is wasteful, expensive, politically minded, and tends to perpetuate itself and to expand its undertakings. There is a tendency to compete unfairly with private enterprise and to cause it to shrink or die, which, in turn, provides the excuse for still further expansion of government employment activities.

Statisticians to Be in Control

Despite provision for advisory and other committees, the proposed National Budget would be in control of a small group of statisticians who would devise programs of national expenditures based upon their statistical estimates. It is hardly reasonable to suppose that the thirty otherwise busy members of the Joint Committee of Congress would go behind the reports of the statisticians and obtain a genuine understanding of the nature and shortcomings of the raw material used in such estimates. What one can count on, if this bill becomes law and if a serious attempt is made to carry out its provisions, is that this Committee and other advisory groups, Congress, and the President would take what this small group of managerial statisticians gave them, and that both Congress and the President would act upon such estimates. Otherwise, they would be defeating the chief purpose of the program. The probable consequence would be the discovery that, through the passage of this bill, we had instituted in large degree a Federally-managed economy with the management actually in the hands of a small group of statisticians.

Another serious question involved in the program is whether security in the form of assurance of "useful, remunerative, regular, and full-time employment" can be given to individuals by any government without at the same time sacrificing, to an undesirable degree, the freedoms which individuals must have if they are to go forward in the best possible manner. The bill does not face the fact that an individual cannot have freedom without, at the same time, incurring risks. It assumes that the people of the United States have reached a stage in which they are willing to sacrifice their guarantees of freedom to obtain what is in fact a spurious guarantee of employment. It embodies the doctrine that every person is entitled to obtain a living from the government regardless of whether he has the ability or the willingness to produce enough to justify the pay which it is proposed that he shall have.

Just how does the Federal government propose to see to it that the person who desires "useful, remunerative, regular, and full-time employment" is to get it? Who will decide whether the job is "useful" and what is "remunerative"? Will rates of pay differ or will they be uniform? What is a "regular" and a "full-time" job, and how is one to get if it there are no openings in the fields where one's qualifications lie? The net meaning of all these vague words—"useful, remunerative, regular, and full-time employment"—can be nothing but government regimentation of those people who may be so unfortunate as to become the victims of the system which this bill, by its nature, apparently would institute.

The fact is that if an attempt is to be made by the government to provide employment in accordance with the vaguely-worded promises in this bill, the government, of necessity, must determine when, where, and under what conditions the seekers of employment may work. This fact is not altered by the statement in the bill that nothing in the plan may be construed as calling for or authorizing "the use of compulsory measures of any type whatever in determining the allocation or distribution of manpower." The existence of a painful amount of unemployment will supply all the compulsion that is necessary. This bill opens the way to far-reaching government action to insure such employment as it may see fit to provide. The government could, and probably would, enter many fields of activity that are not proper functions of government—if we are to maintain the system of private enterprise.

Although the declaration of purposes is not law, but rather a psychological trick, the statement that one of the purposes of the plan is to "contribute to the full utilization of our national resources" is symptomatic of the unhealthy nature of this bill. No well-informed person could possibly expect to have or to want "full utilization of our national resources." Such utilization would mean the end of all conservation and would leave little or nothing for future generations. This particular statement was dropped from S. 380 as that bill was passed by the Senate. But its existence in the original bill, along with the statements of other purposes which that bill still contains, reveals a most unhealthy type of thinking and procedure in drafting both the original and modified bills. These statements of purposes are more a form of incantation to placate the gods of lay and supposedly-popular opinion than they are a manifestation of economic statesmanship.

Despite the great concern repeatedly expressed in the bill over the preservation and fostering of free, competitive, private enterprise, the program in its essence is a monument to a striking lack of faith in the virtues and strength of private enterprise. The faith of the sponsors of this bill lies in greater control by the central government—in what has been called the "Welfare State"—a fact adequately demonstrated by the declaration of purposes. And the true nature of the so-called "Welfare State" is a matter of grave concern to those who wish to maintain private enterprise in this country. "The slave state," says the British economist Hayek, "always starts out as a welfare state. It promises freedom from worry, want—as many freedoms as you wish, except freedom from the state itself." This bill provides for much less, not more, freedom from the State. Indeed, some careful critics regard this program as probably the boldest attempt yet made in this country by government "planners" to usher in a Federally-controlled peacetime economy.

"Continuing full employment" cannot be assured in a free society. If this bill should become law, and should serious efforts be made to enforce it, the probable effect would be to discourage rather than encourage private enterprise and to decrease rather than increase non-government employment. The Federal government will have assumed an explicit responsibility for "full" employment, and for unemployment, in this country. Presumably, the best Administration would be the one that would employ the most people. This could easily lead to huge Federal spending, huge bureaucracy and patronage, and, finally, to national bankruptcy.

Although the bill expresses again and again an aim to encourage and to utilize private enterprise in carrying out the proposed program, escape clauses are invariably provided which would enable the President, with the cooperation of a majority in Congress, to do practically anything he pleases. In addition, there are various broad and vague provisions under which those responsible for the proposed policies could attempt almost anything in the way of instituting a Federally-managed economy.

The alternative to this bill does not involve doing nothing to combat unemployment—a matter of great concern to all enlightened people. There is, as qualified economists well know, an alternative that can be helpful and at the same time actually preserve and strengthen private enterprise and foster a healthy economy.

In brief, if our government officials really desire to preserve and to encourage private enterprise and private capitalism, they should give more attention to what makes it function best and what causes the maladjustments that result in unemployment. Then they should endeavor to create the atmosphere favorable to the best functioning of the system.

Specifically, they should do everything possible to end wars. They should foster free and fair competition. They should not compete unfairly with private enterprise. They should provide the nation with currency and fiscal systems in which the people have confidence and which facilitate rather than disturb the operation of the system or private enterprise. They should protect the weak from the strong and give careful consideration to ways to aid the needy aged and helpless without undermining their self-reliance and self-respect. They should see to it that those who handle other people's money adhere to the highest standards of ethics. They should encourage science, invention, and learning, and seek to broaden rather than to narrow the scope of individual freedom. They should regulate in the interests of peaceful settlement of disputes rather than endeavor to produce and to direct. They should abandon the barbaric fetish that domestic wars in the field of industrial relations have some rational defense; they should proceed to establish effective machinery for mediation and arbitration. Courts, with reason in control, rather than trial by battle, are the mark of a civilized people. They should narrow rather than enlarge government activities. They should encourage hard work, prudence, saving, and self-reliance. They should cease to cultivate the enervating notions that self-reliance is no longer a virtue, that the government owes all citizens a job and a living, that there are distinct limits to the penalties that may attach to lack of prudence, and that there can be too much saving and that "over-saving" is a bad thing.

They should do other things of a similar nature. Some public works, if they are needed and if they can be properly conceived and executed in times of unusual unemployment, might accomplish some small benefits; but there is no basis for supposing that the benefits can ever be comparable to those assumed in this bill. Such works, when designed primarily to provide employment, besides being too expensive, rarely produce anything that leads to continuing employment. At their best, their accomplishments compare poorly with those resulting from a small fillip in the private enterprise system.

It is in these directions, rather than in more national planning of the type proposed in this bill, that our non-Socialist economists of repute believe the road to higher standards of living, greater individual freedom, and greater national well-being is to be found.

Reason, Best Tool in Credit

Analysis of Risks Must Follow Proper Pattern

By J. STANLEY THOMAS
Secretary, Credit Manager Men's Association of Eastern Pennsylvania

Reason is the swivel from which success or failure swings in credit work. The dictionary describes the word reason, "to consider; the power or faculty of understanding and inferring; common sense; that which is in conformity to right thinking; the cause or rational motive for an opinion or an act; to exercise the power of thinking logically or drawing conclusions; to prove or explain by appeal to the intellect; as, to reason out a solution."

Hume says, "Good sense is, of all things among men, the most equally distributed, for everyone thinks himself so abundantly provided with it that those even who are the most difficult to satisfy in everything else do not usually desire a larger measure of this quality than they already possess. In this, it is not likely that all are mistaken; the conviction is rather to be held as testifying that the power of judging aright and of distinguishing truth from error, which is properly what is called good sense or reason, is by nature equal in all men, and the diversity of our opinions, consequently, does not arise from some being endowed with a larger share of reason than others, but solely from this: that we conduct our thought along different ways, and do not fix our attention on the same objects. For to be possessed of a vigorous mind is not enough; the prime requisite is rightly to apply it."

Credit Is On the Spot

Credit management requires more resourcefulness and sound reasoning than any other department in modern business. If the sales manager makes a mistake it is difficult to measure the extent of the error, or it may even go unnoticed. When the credit manager, however, approves an account which later turns out to be uncollectible, the loss is computed in cold figures at the end of the year. The only competitor of the credit department is baseball, where errors are indelibly recorded. The entire United States likely now knows that Stan Hack of Chicago created a record in the number of errors he committed in the recent World Series.

If the purchasing department or officers of the company enter into a contract to buy a large quantity of goods and the market goes sour or for any other reason the goods cannot be moved, they quite often can slide out from under the responsibility for the error. The buck is passed, if possible, to the credit department. Any salesman can secure an order on terms for any old kind of merchandise from a merchant who is hard up for credit. When high pressure is brought to bear upon the credit man to approve such orders, and if the arguments are successful and the goods moved, every department of the business heaves a sigh of relief except the fellow who sits at the credit desk and he finally takes the rap. In the theory of some modern merchants, the credit manager should never say "no" but pussyfoot around it in a diplomatic manner. They contend he should eliminate the word from his vocabulary. Well, this is one instance when he should say "no" and in a fashion which is convincing and final. In a discussion of this kind the credit man said to the vice-president, "I cannot conscientiously approve the order but if in your judgment you feel the goods should be shipped, you O.K. the order." He did and a $3200 loss resulted. The credit man said that he never had any further interference from the vice-president.

Reason, to be effective, cannot be shallow. The reasoning of the credit executive must cover every possibility. He should make his analysis in a study both keen and logical. During a trade-group credit meeting recently in discussing a certain account, one credit man said that he was selling on regular terms in amounts up to $500. This customer previously had been prosecuted in bankruptcy for fraud and sent to jail. When he got out he immediately started in business again in his wife's name. When asked his basis for extending credit this executive said, "He has sufficient capital and has learned his lesson, so from now on I am sure he is going straight." There was something decidedly deficient in this credit man's reasoning. It seems that out of most failures there is born an angel who for some reason or other takes the debtor under his wing.

Don't Be Blinded to Facts

In the same frame of mind, a credit man sometimes takes too friendly an interest in a slow-paying customer. He feels because he has done the debtor a good turn, the latter will protect him against loss, but it rarely works out this way. Some of the heaviest losses have come from these so-called "pet accounts."

Not only did the credit manager, in one case of this kind, wake up with a heavy loss on his hands but, in addition, the debtor flared back with the statement that it was his own fault, as he had no right to extend him so much credit. Countenancing delinquency and extending special favors based on the personal estimate of the customer's character on the theory that no matter what happens the account will be paid is not good reasoning. It is almost impossible to differentiate between reputation and character. Reputation is what a man is supposed to be, while character is what he really is. Benjamin Franklin said, "You never know whether a man is honest or not until he has met with adversity." The acid test as to character is when a man fails and then of his own free will pays his old debts.

The greatest evil in credit work is a tolerance of delinquency. It has grown beyond all reason. The law enacted during the war which restricted terms and the extension of further credit when an account was past due in the retail field was a step in the right direction. It is doubtful, however, if the ground gained will be held, for custom and sales pressure will quickly be asserted now that the war is over. Terms are an important part of any contract and when they are not adhered to, there is no legitimate reason why further orders should be filled on credit until the account has been paid. If credit men would not approve orders when accounts were past due, it would cut bad debt losses, at least, in half. You cannot have the cake and the penny, too, so must choose between obtaining the last dollar in sales volume and the healthy condition of the accounts receivable on the books. Analyze the matter and reason it out for yourself.

Are the Credit Conditions Changed?

One credit man received a financial statement from a concern which he had been checking for years, but this time it was not prepared by a certified public accountant as had been the custom in the past. It was signed by the treasurer of the company. The credit man reasoned that the change might be due to an effort to put out a statement which would not meet the requirements of a C.P.A. A thorough investigation was started by the credit man, which showed that the concern had been losing money. Further credit was declined, and six months later the former customer failed.

Sound reason is a fixed mixture of brains, poise, observation, penetration and discrimination, enabling the credit executive to discern the true situation and the right course to pursue. The brain is brought to a maximum of efficiency by use and development. Poise is the filter which eliminates emotion and malice and enables the facts in the case to be weighed in proportion to their true significance. Observation is the record room of the eyes and while many credit men will view the same danger signals, only a few will see them with eyes truly wide open. Penetration is a searchlight which plays upon a subject until the dim outline looms up in definite form. It forbids jumping to conclusions before the proper investigation has been made. Discrimination is the quality in a credit man's make-up which enables him to make his decisions scientifically.

Credit reason too often is radical, not measured by the proper yardstick, and shows a lack of general pattern. This is why the same errors are made time and time again. A good memory is a prime requisite in developing the power of proper reasoning. Memory will flash similar cases of the past and aid comprehensive reasoning. Hume further says, "All our reassuring concerning matters of fact are founded on a species of analogy, which leads us to expect from any case the same events which we have observed to result from similar causes. When the causes are entirely similar, the analogy is perfect and the inference drawn from it is regarded as certain and conclusive; nor does any man even entertain a doubt where he sees a piece of iron that it will have weight and cohesion of parts, as in all instances, which have ever fallen under his observation. But where the objects have not so exact a similarity, the analogy is less perfect and the inference is less conclusive, though still it has some force in proportion to the degree of similarity and resemblance."

Reason, Our Best Ally

The engineer knows precisely what size support and steel is required in bridge building. His calculations are exacting. The doctor, by study and practice, becomes expert in his diagnosis and prescriptions. Procedure in medicine is established. Not so in credit work, for the credit manager is largely on his own, with reason his best ally. A good credit risk should follow as definite a formula as a drug store prescription, but the formula is not always permanently fixed in the mind of the credit manager. He does not have the pattern constantly before him for comparison with the credit risk. There are perhaps no two credit risks identical in every detail, but they, nevertheless, can be placed in their proper classifications. Complications in credit work are numerous and it is only by correct reasoning that sound judgment can be developed.

Develop a type of reasoning which gets under the surface. Every bad debt loss should be traced back to determine just exactly how the error was made. Was the opening of the account based on an agency rating without drawing a report? Was the decision made without securing complete information and clearing the name through Credit Interchange? Was weakness in the financial statement ignored and unfavorable history passed over? Was slowness in payment ignored? Was the business of the customer drying up without the fact being known to you? Was money being withdrawn from the business and lost in outside ventures without your knowledge of the situation? Had stock ownership of the corporation passed into new hands without knowledge of an unfavorable change in management? Had the death of a partner, who was responsible for the success of the business, not been properly followed up or the fact regarding adverse conditions in the industry not been developed?

Every credit executive has been given his basic share of reasoning power, so why not develop and use it to the fullest extent.

Those Most Likely To Succeed In Peace-Time Business

By J. E. BULLARD
Special Business Writer

For at least the coming three years the starting of many more than the normal number of new business enterprises can be expected. Four years of war drew into the armed services thousands upon thousands of men who normally would have started businesses of their own. Some even had to close out their businesses which they had conducted for a number of years when they entered the services. Conversion to war production resulted in such a shortage of materials, labor and goods that any new civilian enterprises were pretty much out of the question.

This alone would mean thousands of new enterprises would have to be started to produce and distribute all the goods which will be needed to provide a sufficient number of jobs and to enable the people to buy all they may desire to purchase or producers wish to sell them. Added to this is considerable evidence that nothing like a normal number of new enterprises were started during the pre-war depression. Russell H. Conwell made a study of the histories of business enterprises and used what he learned in his famous lecture, "Acres of Diamonds," which by the time he had reached the age of 82 years he had delivered 6,150 times. He stated that 95 per cent of the men who made the greatest successes in business started during a business depression. Such government controls as the NRA, certain of the taxes levied on business and the methods of administering welfare appear to have deterred many a man during the prewar depression years from starting their own businesses. This being the case, there is an even greater shortage of business firms than, otherwise, would be the case.

A Yardstick of Success

In any event, there can be little doubt that there will be a great increase in the number of new enterprises in the years immediately ahead. That being the case, it would appear wise to analyze what seems to have been some of the reasons why new enterprises of the past have succeeded to the degree they have or have failed.

More than 25 years of interviewing business men has not discovered a single one who started with more capital than was absolutely essential and has made an outstanding success of his business. At least his first start did not prove successful. If he lost all his money in that first start, the second or third attempt might have started him on the way to success. Most of the business men interviewed have been owners of small or medium sized firms of the kind and size which will be started in the greatest numbers in the immediate future. Those which grew and prospered to the greatest degree were the ones started with what seemed to be inadequate capital.

A man who was operating a successful retail food business in a New England city went into bankruptcy during the 1893 depression. Three men who had worked for him had accumulated a little capital and after studying locations and possibilities in other cities finally started a strictly cash retail meat and grocery business. They worked hard, applied what they had learned from their previous employer, tried to avoid the mistakes he had made and finally left estates figured into the millions of dollars.

Did Not Stick to Own Business

The reason given for the failure of their former employer by those who knew him well was that he did not stick to the business he knew. He branched out into the packing business with which he was not familiar and could not meet the competition of the established firms who competed with him. Had he been content to go on confining his efforts to retailing he could have prospered. His ambition to reach out and raise meat animals, slaughter and prepare them for the market, that is to control his supply as well as to distribute brought him into fields too far beyond the limits of his knowledge. He was an excellent credit risk when he confined his efforts to retailing. He became a poorer and poorer one as he branched out into fields new and largely unknown to him. The cause of his failure could have been set down as lack of capital yet those familiar with the packing and the wholesale meat business and who also knew this man insisted he could not have succeeded regardless of how much capital he might have possessed. He had entered fields in which he lacked the experience and the training which were absolutly necessary to success.

What hard work and a thirst for knowledge can accomplish is illustrated by a boy who got a job with a public utility company. He had a rather sad lack of schooling but he did not lack ambition and energy. In

the course of time he became manager of a company which was losing money. He not only brought it out of the red and into the black but actually gained control of it. This man in addition to being an extremely hard worker and an enthusiastic student was also an accomplished salesman. When he entered a field in which most people believed he lacked the experience and training he not only studied it thoroughly before hand but built up an organization of experts. His success was due in no small measure to his ability to work harder and longer than most of his associates or those who worked for him, to his intensive searching for the facts and all the facts connected with any undertaking in which he became engaged and what seems to have been a super-salesman ability. Actual capital played only a minor part in his career during which he accumulated millions of dollars for himself. Those three qualities of hard work, searching for the facts, and supersalesmanship together with demonstrated managerial ability made it comparatively easy for him to obtain all the capital he needed. There were many, nevertheless, who continued to predict the time would come when he would go broke.

Know Business from "Ground Up"

A man working for a shoe retailer saved all the money he could out of his wages. When he had $800 in the bank, he drew on it to start his own little store. Even back in the days when he started that could not have been considered adequate capital. However, he had learned the shoe retail business. He worked in the store during the day selling to customers and at night he worked on his books. Eventually that little store grew into a medium sized department store. First, he learned what he could about the business he started by working for somebody else. Second, he saved enough money to get a start in his own business. Third, he always knew exactly where his business stood.

In 1918 a young man was serving in the quartermaster's department of the army. He was impressed with the system used in keeping track of the goods in the department and after his discharge started a little store of his own in which he used an accounting system he said was based upon what he had learned in the army. This system enabled him, at the end of each day, to determine exactly the difference between what he had taken in that day and what he had paid for what he sold. Out of this difference, of course, had to come the expenses of the store, clerk hire, rent, light and heat, insurance, his salary, all other expenses. He was convinced in the thirties his accounting system had enabled him to remain in business. As sales fell off he knew to what degree he would have to reduce expenses to break even. He let some of his clerks go, did more work himself, finally did all his bookkeeping. He not only remained in business but moved to a larger and better store.

These examples demonstrate the importance of learning something about a business before starting a firm of one's own, of working hard after starting in business and of knowing exactly, at all times, where the business stands. The man who starts with what appears to be too little capital has to work harder himself, has to watch every cent more closely and do the maximum possible volume with the capital available and has to know more about his costs even to remain in business than does one who starts with ample or surplus capital. The net result is that he keeps his costs down to the minimum and is in a better position to meet competition. Because he turns his total capital so often his net profits, measured on a capital basis, may be truly amazing.

Business Habits Important

A hard working man who knows his business and his costs is almost certain to be a good credit risk as long as he remains hard working and continues to know his costs. Not all who make a good start, however, continue to be hard working. A man with just enough capital to pay the rent for a month on the store he hired and to buy the automobile accessories needed for a few days sales with which he stocked it, who had to use packing cases covered with wrapping paper for display tables, made an amazing success during the first few years of his business career. As he began to prosper, however, he did less and less work, became more and more extravagant in his habits and in a few more years was bankrupt. As a matter of fact this man never was able to obtain much credit until he was on the way to being a very poor credit risk. In a sense his creditors brought about his ruin. Had they limited him to the degree he was neglecting his business he would have been forced to go on working as hard as he had before and probably would have continued to prosper.

Within the next few years there are likely to be many men who start in business and duplicate the experience of this one. When they start they will not impress anyone as being good business men. By doing a far larger volume than the capital available would appear to make possible, they will make money from the start. They will make it because they work so hard and because they make every dollar they have in the business do more than anybody else makes a dollar do. Soon, they appear to be excellent credit risks. It is easy to overlook the fact that their successes were virtually forced upon them because they could not obtain credit and had to make what little capital they had do. Just as soon as they have a good line of credit they become hypnotized with the idea they are big business men. They pay less and less attention to their businesses, get farther and farther behind in paying their bills and end up perhaps paying 10 cents on a dollar. Obviously, men who make spectacular successes at the start need to be watched more closely than those who make progress more slowly. They are much like some people who sell the first story they write at a good price but never are able to write and sell another. They acquire the wrong mental attitude toward what is needed for continued success.

Good Helpers Important

Some men are good in one department of a business and failures in others. Such a man was a traveling salesman who had saved some money and decided to

start a mail order business. Unfortunately he had not learned enough about such a business before he invested his money in it. He did keep records which gave him an idea of what was happening. Finally, when his capital was pretty well exhausted, he decided to rent a store temporarily, and close out his stock. He was a good salesman and soon was doing a good volume of business. The remnants of his mail order stock consisted mostly of automobile accessories and he did so well in selling them he bought new supplies. Still, he failed to make a satisfactory profit and it dawned upon him that though he could sell the goods he was weak when it came to buying them, keeping records, etc. So, he started looking for partners or employes who could manage those departments of the business which were giving him trouble. He succeeded so well in selecting associates that it was only a matter of time before his business became the largest wholesale and retail accessories and parts firm in his state. His was a case where real ability as a salesman backed up with a realization he would have to turn over other phases of it to experts changed what had started as a failure into a real success. Had he not been a good salesman, however, it is probable he never could have surrounded himself with such men of ability and experience as he did.

During the next few years a lot of men like him will start in business. If they have no partners the chances are they will fail. If they succeed in getting partners with real ability in taking care of those phases of the business in which these men who started them lack the experience and ability needed, they will prosper. If they do not they will fail. Those who sell to them often can help out by realizing what is happening and what needs to be done to cure the situation, then doing all they can to find the partners or new employes who are needed.

Beware of the "Father's Son"

There is another type of new business man who will be in evidence as more and more veterans come home. This is the man who takes over the management of the family business. The father of the veteran, let us say, is getting on into years. He has only a few more years to live and he may insist upon his son taking over the business at once. Now, it may happen that son is not too enthusiastic about doing so, may not possess the sort of ability required to make a real success of it.

An actual case of this sort is that of a man who inherited the family laundry business. He did not seem to get enthused about the business. He showed no marked genius for managing it but just as is likely to be the case with some of the returning veterans there seemed little or nothing else to do and anyhow he was made to feel it was his duty to do so. In this instance the business might well have continued to go down hill had this man not had the inspiration to look for and find an exceptionally capable manager. He made financial arrangements with him which were mutually satisfactory and turned over the complete management to him. From the day the manager took over until he died that business continued to prosper and grow. About all the owner did was to sign any papers it was necessary to sign to enable the manager to carry out his plans. There appears to be little question that both the manager and the owner made more money than would have been the case under any other arrangement. At any rate they both were satisfied and the credit rating of the laundry company improved rather than deteriorated.

Experience Is Best Teacher

A certain amount of experience in any line of business in which a man starts in business is a great help but sometimes it is what he learns not to do rather than what he learns to do which counts most. A young man went to work in a drug store owned by an old man. Everything about the store was old fashioned and it could not by any stretch of the imagination be an ideal place in which to learn modern business methods. Perhaps it was for this reason that the young man began studying how methods and practices could be improved. One department which was not doing too well was the one in which candy was sold. The longer he worked there, the more convinced he became that it could be made profitable. Not too much attention was being paid to keeping the candy stock fresh and this he was certain was a mistake.

He continued to work in the store until the owner died and then with his savings and what money he could borrow he bought the business. One of the first things he did was to modernize the candy department. He communicated with all the manufacturers within 50 miles of his city in the effort to find one who would agree to ship him candy daily so soon after it was manufactured that he could sell it all within 24 hours after it was made. Failing to arrive at any satisfactory arrangement with a manufacturer he hired the best candy maker he could find, set up his own little factory and produced in quantities such that he could guarantee that any box of candy he sold was not over 24 hours old. When he featured the freshness of the candy his sales began to soar. Since he maintained very high standards the average sale meant repeat business. In the course of a few years he was operating a chain of stores, a few of which were drug and candy stroes and the remainder strictly candy stores.

This man stated that had he started working in a truly modern drug store instead of the one in which he did, the chances were he never would have had the idea which resulted in his success in business. He could find so many things in that old store which could be improved that it started him studying and thinking along lines which probably never would have interested him had he been learning the business from a younger and more progressive man than the one for whom he worked. There are certain types of men who seem to progress faster if they are in positions which stimulate original thinking, if that consist primarily of dreaming of the future. At any rate here was a man who certainly made his dream come true.

Business Always in Mind

Another young man went to work as an office boy for a concern engaged in the stationery, office appliance and supply business. He was intelligent and energetic.

He studied the business and tried to master every detail. Eventually he became the owner. One of the practices of this man has been to keep his business in mind when reading anything from the Bible to the latest novel, from a trade paper to a general magazine, from a newspaper to an advertising folder. He said it was surprising how many ideas one could pick up that way which seemed original to everybody else. Certainly, he gained the reputation of discovering many ideas for promoting sales. His success in this direction, however, was due primarily to watching and listening constantly with an open mind for anything which he could apply to his business in such a manner as to improve sales. How well he succeeded is indicated by the fact that in so far as he could learn he had reduced his total selling costs to a lower point than any other concern in the country in localities where such costs were comparable.

Such examples as these indicate that the actual capital available to a man starting in business is not nearly as important as the fact that he knows something about the business he is starting and has had some experience in it working for somebody else, that he is willing to work hard enough to make up with work what he may lack in actual capital, that he always knows his costs and just where his business stands. If he is an exceptionally good salesman, the chances are he will need partners to look after other phases of the business. If he has the right partners the chances of the business growing and prospering to a marked degree are good. One who is a diligent seeker after knowledge which he can apply to his business frequently gets farther than one who may have more natural ability but does not value new knowledge to the same degree.

Even Opposition May Help

Some men are spurred on by any effort to put them out of business. This happened in the case of a couple of young men who arrived in a city at about the time the 1893 depression was not helping business concerns. To the established concern it looked as though these

two men were operating a fly-by-night clothing business. They brought pressure to bear upon the local newspapers who were publishing the advertising of this new store. Finally they issued an ultimatum that none of the larger retail stores would continue their advertising unless that of the new store was left out. With no advertising medium left to them, these two young men started printing and distributing free a little newspaper of their own. This brought them more business than they had expected and sales volume grew. From this beginning this little store grew into the largest department store in the city. The opposition they succeeded in meeting served to help them to a degree probably neither of them ever imagined it would.

A number of men who have started businesses with much more capital available than was necessary have been visited. Not a single one made a real success of his business. The reasons apparently were that they were not forced to word hard enough, they built up too high an overhead and too often they did not learn enough about their businesses. The main difference between the man who starts with too much capital and the one who starts with too little is that the first is inclined to take it comparatively easy while the second must work hard and knows it if he is to get ahead.

Any new business man who does not work hard enough, who does not study his business enough, who does not know his costs and where his business stands or fails to turn over to others, either partners or employes, those tasks which they can do better than he can, does not have much chance of success. It is desirable in all cases to have some experience before hand in the kind of business a man is starting. Not always, however, does this prove to be necessary. It is not possible to predict with accuracy whether or not a man starting in business will fail or succeed. Some men seem to suceed when it would seem they should fail. Others fail when the prospects of success seem good. Usually, however, the man who really knows his business, works hard and continues to learn more and more about it does at least continue to be a good credit risk. He does not buy more than he can pay for and he does not venture into fields for which he has not prepared himself.

Social Credit in Alberta

(*Continued from Page* 9)

ment and refunding of the provincial debt of some $113,000,000. The plan provided for a large immediate payment to meet overdue securities at par value plus an adjustment of accrued interest, and the issues of new 3½ per cent debentures maturing from 1961 to 1980 to replace obligations maturing after July 15, 1945. The plan, of course, has proved highly acceptable to the creditors and has completely rehabilitated the credit of Alberta.

Meanwhile, in the Dominion elections of June 10, 1945, thirteen social crediters were elected, and all from Alberta, including their chief leader, the Hon. John H. Blackmore, and the Hon. Solon E. Low. At the same election eighteen socialists of the C.C.F. were elected from Saskatchewan. It remains to be seen, therefore, what these minority parties will be able to accomplish by way of converting Canada to their divergent doctrines.

That the crusaders from Alberta intend to preach the gospel of Social Credit on the Dominion stage, free from constitutional barriers, may be seen in an article in *MacLean's* of April 15, 1945, where the Hon. Solon E. Low is reported to have said that a national monetary authority should be created to ascertain the amount of the deficiency of purchasing power and authorize the creation of new money to make up the deficiency. This new money, he said, would be distributed partly as a *national dividend* payable as a right to every citizen to supplement earned income, partly in the form of a drastic reduction of taxation, and partly as a subsidy to retail merchants on condition that they sell their goods to the public at a discount, this being the way just prices would be determined.

What the Socialites Really Seek

Similarly, the Hon. E. C. Manning, in a statement before the conference of provincial premiers on August 6, 1945, said:

"It lies within the sovereign power of the Dominion Government, through the Bank of Canada, to monetize fully the real wealth of the nation as represented by our abundant national production and to utilize the financial credit representing the monetization of the real wealth to supplement the ordinary public revenues of the provincial treasuries. Such a monetary policy, operated within adequate scientific safeguards against both inflation and deflation, would enable the Dominion Government to ensure to the provinces adequate revenues to discharge fully their constitutional responsibilities without jeopardizing its own financial position, and would, at the same time, remove the necessity for excessive taxation and the accumulation of further public debt."

These and other utterances show clearly that the social crediters of Alberta still believe, with Major Douglas, that in the business world there is always a shortage of buying power which must be made up by the selling of goods below cost, compensating subsidies to retail merchants, and national dividends to each and every citizen, young and old. But they are chary of admitting that the payment of these subsidies and dividends would involve an annual infusion into the Canadian monetary circulation of at least $2,000,000,000 of new money, and they do not show how that can be done without tremendous and continuous inflation.

System in the Business Office—Next Month

Urges Repeal Of OPA Controls

At the 17th annual Boston Conference on Distribution, held on October 15 and 16, outstanding leaders in the fields of production, distribution, and finance urged an early withdrawal of Federal controls upon production nad distribution of goods. Strong warnings were issued that "dictatorship goes hand in hand with a regulated economy and restrictions on the individual."

Two speakers W. W. Cumberland, partner in the firm of Landenburg Thalman & Co., New York and Professor Malcolm P. McNair of the Harvard Business School, urged the early termination of OPA control. Mr. Cumberland said regarding OPA, "it may be regarded as merely an irritant and an obstacle to reconversion during immediate succeeding months. Already the organization has largely been reduced to a reminiscent authority, and public opinion, as well as the force of events, largely will eliminate its influence on business long before the legal demise of that Agency on June 30, 1946."

Professor McNair stated that he considered OPA had outlived its usefulness and that the longer it continued to function the higher distribution costs would rise. He believed that the only satisfactory means by which regulation of prices from now on can be accomplished will be through free competition.

The President of Butler Brothers, Chicago, Mr. F. B. Freeman, foresaw the country on the threshold of one of the greatest periods of development and that with this development would come a new era of distribution. He sees a definite trend already under way toward decentralization of distribution outlets with the consequent development of new trading centers in closer proximity to suburban customers. This trend will be particularly sponsored by the more progressive department stores. He also foresees a tremendous acceleration in the speed of transportation of commodities from the producer to the consumer.

Dr. Harold G. Moulton, President of Brookings Institute, stated that "there is no real ground for fearing a runaway inflationary movement at this time." He stressed that many of the factors which led up to the 1919-21 depression were the reverse of conditions obtaining today.

Dr. John Williams, Vice-President of the New York Federal Reserve Bank, and Dean of the Graduate School of Public Administration of Harvard, stated that the present low interest rate would continue for many years to come and that there was little likelihood in the near future of the establishment of a definite national monetary and fiscal policy by the Government.

Mr. R. W. Gifford, President, Borg-

Warner International, and Vice-President of Norge Division, Borg-Warner Corp., saw a greatly expanded world wide market, and little tendency on the part of other countries "to slip back into their prewar living standards." Inasmuch as wages in many of these countries have doubled since the start of the war, he believes the wage scale will continue to increase in most countries.

Dr. Gerald Wendt, Science Consultant of TIME, Inc., stated that it is highly necessary for the United States Government to release known facts about atomic power if we are not to face a serious setback to American business in competition with foreign business. He said, "the destructive use of the atomic bomb for military purposes is probably over forever, but the uses of atomic power in industry will be the most important factor of postwar industry and every effort should be made to start American business on that road." He urged those engaged in production and distribution to raise their sights and prepare for a new world and for a second industrial revolution centering around the use of atomic power and electronic devices.

That there is need of accelerated scientific research in the field of marketing, and particularly on the element of costs, was emphasized by Mr. Q. Forrest Walker, Economist of R. H. Macy & Co., New York. He advocated the necessity of change from "our too ready acceptance of traditional costs," and the introduction of new methods and better use of existing methods in order that production may be stimulated and that flow through consumption channels may be unimpaired. He believes that a continuance of lower interest rates and reduced warehousing and other marketing costs are inevitable.

Dr. Charles F. Phillips, President of Bates College, formerly professor of Economics at Colgate University, indicated that "while no new world in distribution is just around the corner, a number of important developments are on the way." He emphasized that one of the "certain" developments in distribution is a greatly expanded number of retail outlets. In justification of his position he pointed out that the net decrease in retail firms between 1939 and 1943 was 271,000. He spoke convincingly on the present trend of firms engaged in distribution to cooperate in the interests of more efficient service to their customers and their respective communities.

On the whole this conference gave an optimistic outlook to those engaged in distribution. Warnings were continuously given, however, that distributors must be on their guard against a rise in commodity prices and as much as 20 to 25 points increase in the cost of living index. Repeated emphasis was placed upon the need of preparation for dealing with a much more discriminating buying public than prevailed before the war. Those responsible for credit management were reminded that the period of reconversion and adjustment to peacetime trade would bring new and complex problems in credit relations.

Economists Differ in Views On Best Aid to Reconversion

America has a good chance of getting through the present reconversion period without mass unemployment or severe business dislocation, according to substantial opinion among six of the country's leading economists who are participating in a symposium on "Financing American Prosperity" soon to be issued by the Twentieth Century Fund.

The economists represent a wide range of viewpoints and they differ most sharply on the amount of action by the federal government that may be indicated both for the country's long-term prosperity and for the immediate transition period. Alvin H. Hansen, Littauer Professor at Harvard and former president of the American Economic Association, is an advocate of government spending and other measures to support the economy when necessary; while Benjamin M. Anderson, consulting economist of Los Angeles and formerly with the Chase National Bank, urges the completest possible "hands off" policy to let business do the job.

Most optimistic among the six on the question of reconversion problems is Sumner H. Slichter, Lamont University Professor at Harvard. In the forthcoming Twentieth Century Fund symposium Slichter says: "Fears of large and prolonged conversion and deflation unemployment appear to be ill founded. . . . The engineering obstacles to conversion are much less formidable than is commonly supposed. . . . The capacity of the civilian economy to absorb people promptly is greater than is generally realized."

Slichter believes that 'the great majority of war workers" were doing exactly the kind of work during the war they will do in time of peace. He cites farming, railroading, iron and steel, textiles, clothing, shoes, petroleum, electric light and power, aluminum, paper, lumber, chemicals, machine tools as examples of important industries in which this is true. Slichter estimates that the average amount of unemployment during the first year after the war with Japan will be around 4.5 million.

"Only about 5 million war workers were employed in plants (aircraft, ships, guns, explosives) which will make large permanent lay-offs or which will have major engineering problems of conversion," Slichter asserts. 'Indeed, only about 10 per cent of war workers were in plants where engineering problems of conversion will halt production for as long as four months. . . . No engineering difficulties will retard the opening of thousands of jobs in filling stations and garages as people are able to drive their cars freely or the prompt filling of thousands of jobs now crying for people in stores, banks, hotels, restaurants, or on farms or in building-repair work."

In discussing what general policies will be best for the country, Slichter says, "It is important that the need for protection against *both* inflation and deflation be plainly recognized. To safeguard the country against deflation, the government should facilitate a quick shift from war production to civilian production, reform the tax system, extend and liberalize unemployment compensation schemes, and plan prompt expenditures on the repair and maintenance of public property. To guard against a disorderly rise in prices, the government should retain price controls and the regulation of consumer credit throughout the period of conversion and probably for a year or two longer."

Another contributor to the Fund's symposium, John H. Williams, Vice President of the Federal Reserve Bank of New York, cites the great drop in military expenditures that is following the end of the war and says, "We face two questions. How

far will deferred civilian demands go toward filling up this gap? What is to take the place of the deferred demand once the process of restocking has been completed?"

Giving some figures to indicate answers to his own questions, Williams says, "It has been estimated that the deferred demand for consumer durable goods should amount to $4.4 billion a year for four years. Probably a much larger item will be postponed private capital formation. Now almost nil, gross private capital formation averaged $13 billion a year from 1936 through 1941. Not only should it revive, but because of accumulated replacement needs, postponed expansion, replenishment of inventories of civilian goods and the cost of reconversion it should for a time substantially exceed the prewar volume."

Williams sees a probably hopeful factor in the $107 billion of wartime savings now in the hands of the American people. "What will happen to these savings is problematical. Very likely the savers will hold on to a large fraction, though no one knows how much."

The long-term significance of policies adopted during the reconversion period is stressed by Howard S. Ellis, Professor of Economics, University of California, Berkeley: "The nature of the policies followed in the transition period will play an important part in determining whether the full employment induced by war will be followed by serious depression. The Swedish economist Gunnar Myrdal has voiced his conviction that America's conversion period will turn into depression. I do not share his feeling of inevitability, but we need to be prepared for the necessity of government support to the total demand for goods and services."

Outlining in the Twentieth Century Fund symposium the policies that he thinks necessary, Ellis says, "If we are to bring about an orderly transition to a satisfactory level of economic activity after the war, immediate action must be taken to prevent an excessive boom, to shape our tax laws favorably to enterprise capital, to open up international trade and finance to expan-

sion, and finally to withdraw the bases of monopoly in all fields. Measures such as these, if successfully carried out, would eventually make possible a reduction in public spending to support the economy. But a public works program must play an important part until the effects of these basic reforms begin to be felt."

Getting at the essential nature of our reconversion problem, Benjamin M. Anderson says, "We must turn from war to peace production. A government-customer which has been spending $90 billion a year, much of which is borrowed money and much of which is money borrowed from the banks, will largely drop out of the market. It is clear that there must be a great readjustment of prices and wages. . . .

"If we are flexible and if the markets are free, we can make our adjustment rapidly. If there are governmental interferences with the process of readjustment and, above all, if there is an effort to uphold the existing situation by powerful governmental pressures, by powerful trade-union resistance, by premature utilization of the funds the States and municipalities have held in reserve for public works, and by further deficit spending from Washington, we shall delay the readjustment. We shall turn it into a severe depression and we shall ultimately make worse unemployment."

Stressing the importance of new investment, Anderson says, "There will be need for an immense flow of investment funds to corporations as we shift from war production to peace production. . . . I believe that there are few things more important in the whole program of postwar reconstruction than the freeing of the capital market and the security exchanges from unnecessary restraints and inhibitions."

Another participant in the Twentieth Century Fund's symposium, John Maurice Clark, Professor of Economics at Columbia University, says that during the next few months we may expect "heavy transitional unemployment, which will not be as serious as it looks in the statistics. This is partly because there will be some temporary emergency workers who will soon leave the working force, partly because a revival is sure to follow and partly because the unemployed will be better financed than ever before. Nevertheless, consumers' incomes will shrink heavily, and the results may be cumulative if revival is too long delayed, making the job of revival that much harder.

"As soon as possible, the specifications of a postwar tax system should be drawn up. . . . Liberal benefits should be provided for the unemployed. This, plus some spending of war savings by many individuals, will help to sustain the demand for goods, on which the demand for workers rests.

"For some things, like automobiles and housing, the demand will exceed the supply for some time, and continued controls will be needed to keep prices from going to levels that would hurt the general revival rather than help it."

Alvin H. Hansen, in presenting his general thesis that the government should take measures to support the economic system where and when necessary, stresses the importance of tax policy. "In the transition period, wartime taxes should, I believe, in large part be retained. This applies also to the excess-profits tax. The excess-profits tax is imposed because the unusual conditions prevailing during a war result in an abnormally large volume of corporate profits. The tax is imposed on the excess of the actual income over the so-called 'normal income' earned by the corporation in the period 1936-1939. It is recognized that the war may cause some corporations to earn little or even to sustain actual losses during some of the war years, and in order not to penalize corporations with fluctuating income the carry-back and carry-forward of the excess-profits credit were provided. . . .

"I am inclined to think that it would be . . . equitable to retain the excess-profits tax, at a reduced rate, with its carry-back provisions (together with price control where needed) during the reconversion period. The reconversion must, I think, be regarded as part of the war experience."

Calls Public Debt Management Great Prosperity Item

Flexibility of commercial banking functions, which are so necessary if the money economy is adequately to function, will be largely determined and shaped by the management of the huge public debt, according to Donald B. Woodward, research assistant to the president of The Mutual Life Insurance Company of New York.

Speaking before the Financial Analysts of Philadelphia, Mr. Woodward, who was consulting expert to the Treasury Department in Washington during the war, said:

"In the future, the need for flexibility in this group of institutions, so essential to the money economy, will surely not be less than in the past and may more likely be greater. It is at this point that the expansion in the public debt becomes so significant. Ere long the commercial banks are likely to have three-quarters of their assets in government securities, and most of the balance in cash at the Federal Reserve Banks—which is also government securities.

"And realistically, the prospects are that for a very long time after the war and its immediate aftermath have passed, the volume of government securities which must be held by the banks will not significantly diminish; indeed, during the next two or three years, bank holdings must expand very considerably, probably more than most bankers realize or are prepared for mentally.

"There is, therefore, a great problem in the development of a technique whereby the commercial banks can maintain the high degree of flexibility which is so necessary if the money economy is adequately to function, and at the same time carry that large volume of government securities which the public debt will necessitate."

How Can Credit Men Best Serve Veterans Entering Business

The Chicago Association of Credit Men has given much thought to this question and has the answer, at least in part, in the fine results that have been obtained through the War Veterans Advisory Committee.

This Committee was set up to study the rehabilitation problems of the returning servicemen and came to the conclusion that we, as an organization of credit managers and executives in so many varied businesses, are in a unique position to be of service in giving counsel and advice to those desiring to enter business for themselves. We are, consequently, making this our specialized field although we have been able in many cases to give other valuable assistance to the veterans.

With the passage of the G. I. Bill of Rights and the financial aid now provided to the returning servicemen, it is anticipated that many thousands throughout the country will set up shop for themselves in the months ahead. Statistics show that about 52% of new businesses do not survive the second year with resultant losses to many thousands of creditors annually. With proper guidance at the start and with subsequent consultations with successful and experienced men in business and financial affairs, we feel that we are minimizing the chance of business failures. This presents the Credit Fraternity with a definite challenge and, indeed, an opportunity to do some very constructive work.

Since the termination of the war we have received an increased number of inquiries from the veterans. The majority of these were interested in retail stores and service stations, and a numbr want to go into the restaurant and various other businesses. Few of them had adequate capital to start a business and in some cases it has been necessary to advise the veteran against entering the business desired because of this plus the lack of experience. Members of the Association have cooperated in giving counsel in the cases so far handled and the results have been very gratifying.

One of our counsellors was so impressed with two young men who were desirous of establishing a service station that he arranged for the financing to set them up in business, and the results have been mutually satisfactory. One veteran wanted to enter business and had an option on a building which he thought was suitable and in a good location. He learned from our counsellors that it would require a considerable outlay of money to put the building in condition to meet required regulations, and he was very much pleased for the assistance given him in establishing a business at another location that has since been successfully conducted. One young man wished to establish a loop restaurant in Chicago and was willing to risk his capital of $4,000. It was found he had little or no experience in this line, and after talking over the situation with regard to rationing and war-time controls and other difficulties, he decided it would be advisable for him to gain more experience and possibly go into business for himself later on when conditions are more favorable.

NEWS ABOUT CREDIT MATTERS

A section devoted to Credit Association affairs

November, 1945

Copy deadline 10th of Month

Referee's Salary Bill Is Passed by House Now Goes to Senate

On Wednesday, October, 24, the Referee's Salary Bill, (known as H.R. 4160) was passed by the House of Representatives without amendment. The bill now automatically goes to the Senate for consideration. The usual procedure will be for it to be referred to the Committee on the Judiciary, as this bill has to do with the appointing of Referees by United States Court Judges under a plan for a fixed salary for each instead of the present plan of being remunerated by fees.

Senator Patrick McCarran of Nevada is Chairman of the Senate Committee on the Judiciary. Other members of this Committee are Senators Hatch, New Mexico, O'Mahoney, Wyoming, Chandler of Kentucky, Kilgore, West Virginia, Murdock of Utah, McFarland, Arizona, Wheeler, Montana, Andrews, Florida, Eastland, Mississippi, Wylie, Wisconsin, Langer of North Dakota, Ferguson, Michigan, Revercomb, West Virginia, Wherry, Nebraska, Moore, Oklahoma, Smith, New Jersey.

Although extensive public hearings were held by the House Committee on the Judiciary before this Referees Salary Bill was recommended to the House of Representatives, the members of the Senate Committee on the Judiciary, no doubt, would be glad to hear from credit executives expressing their opinions about this bill, so if you reside in a state having a Senator on this Committee, it might be well to write to your Senator and tell him how our National Association has favored this piece of legislation so as to place referees on a salary basis.

These are the last of the important Court appointees having judicial functions not now on a fixed salary.

H. F. Eggers Dies in Sioux Falls

Sioux Falls—Harold F. Eggers, for a number of years Credit Manager of the Manchester Biscuit Company, of this city, and a leading member of the Sioux Falls Association of Credit Men died early in October after an extended illness.

Gives $1,000 U. S. Bond To Set Up Scholarship For Minneapolis Women

Minneapolis: Miss Ann E. Jamison, president of Murdock Jewelry Company, Minneapolis, has established a permanent scholarship fund for the Minneapolis Wholesale Credit Women.

An active member of the group, Miss Jamison has been deeply interested in encouraging and promoting credit education for women. Recognizing the value of the scholarships in the National Institute of Credit which the Group has awarded annually since 1940, Miss Jamison has contributed three such scholarships during the past two years and now has established a permanent fund for this purpose.

Her gift is a $1,000 government bond, Victory Issue, 1959-1962 Series.

Miss Jamison shared honors with Miss Lillian Guth at the October meeting of the Minneapolis Wholesale Credit Women.

A resolution was unanimously adopted expressing appreciation of the inspiration, encouragement and generous support which Miss Jamison has given the organization.

Miss Jamison has the distinction of being the first to make such an endowment.

October Was First Month This Year Not Beating '44 Mark

For the first time during the present fiscal year the records of the membership campaign for October showed a loss as compared with the figures for the same month in the previous year. However, in October the membership effort did show a gain of 260 net. This compares with the gain of 282 for October last year.

For the fiscal year from May 1 through October the campaign has registered a net gain of 990 as compared with a net gain for the similar months last year of 867.

Total membership at the end of October was 23,349. This leaves a balance of 1651 yet to be obtained if the objective of 25,000 is to be reached by April 30, 1946. With six months to go, this requires an average gain of better than 276 per month.

E. L. Blaine, Jr., Chairman of the National Membership Committee, and E. B. Moran of Chicago, who is in charge of membership activities for NACM, point out that the months of November and December can be very active in membership promotion, as during these months many large corporations decide on their credit office plans and set up their annual budgets for such operations. This is especially true in the larger firms having a number of branch offices throughout the country.

Minneapolis Seeking 500 Goal This Year

Minneapolis—Clifford Smith, Bernard Baskin Co., chairman of the Membership Committee of the Minneapolis Association of Credit Men, is driving hard to push the Association up to the 500 total mark before the end of April. This means more than 100 new members during the balance of the fiscal year. A recent offer put out by the membership committee gave a ticket to the Minnesota-Ohio State Game on October 27 to anyone who signed up a new member. The offer proved very attractive.

St. Louis Dean Tells Of Inflation Dangers At Monthly Dinner

St. Louis—The Rev. Bernard William Dempsey, S.J., Regent of the School of Commerce and Finance, St. Louis University, was the speaker at the October 11 monthly dinner meeting of the St. Louis Association of Credit Men. Father Dempsey spoke on "Adjustment to Potential Inflation." As he is the author of a number of outstanding books on finance and economics, he proved a most interesting speaker and gave many important thoughts on our present day financial situation.

N. Y. to Continue Its Adjustment Bureau

New York: The Directors of the New York Credit Men's Adjustment Bureau, Inc., at its October 22nd meeting, voted unanimously to continue the Bureau under its present staff and set-up and will ask the members and subscribers to renew their annual dues to October, 1946. This program is advocated by the Adjustment Bureau Board on the ground that the maintenance of the Bureau is a sound form of insurance against bad debt losses and opinion was expressed that the time may not be too far distant when this trained personnel will be badly needed. The Bureau is presently supported by 89 dues-paying members and contributors. H. P. Reader of Cannon Mills, Inc., is president of the Bureau.

New York Issues Committee Reports

New York: Following a plan inaugurated by Earl M. Felio, President of the New York Credit Men's Association, the first of a series of Association Committee reports was issued on October 4th by the Public Meetings Committee. This report explains the objective of the committee and asks for suggestions by members on how forum meetings might better meet the desires of the Association members.

President Felio adopted this plan of presenting reports by the various standing committees so as to keep the membership fully advised as to the work of the Association.

Banker Tells of Business Trends

Bridgeport—E. Merrill Beach, Vice-President of the First National Bank and Trust Co., made a very interesting talk before the membership of the Bridgeport Association held at the Stratfield Hotel on October 17. Mr. Beach took as his subject "Future Trends in Business" and gave some interesting pointers from a banker's viewpoint and on how these trends will affect business.

ZEBRAS

Oakland: Mark Hutchison is the new Superzeb of the Oakland Herd of Zebras. An initiation for nine "Mules" has been scheduled for November 16th. It is expected that this will be the first of several initiations by the Oakland Herd before the end of the current Association year.

Pittsburgh—Irving L. Hillman, of the Dravo Corporation, has been made Zuperzeb of the Pittsburgh Herd of the Royal Order of Zebras. Passed Superzeb Bryon A. Stump, now President of the Credit Association of Western Pennsylvania, urged the members to initiate and carry through an active membership drive. It is expected the Zebras will hold an important initiation meeting before the first of January.

Memphis—Millard French has been elected Superzeb of the Memphis Herd of Royal Order of Zebras. Other officers elected for the current year are as follows: Ben Gruber, M.N.A. of A., Lester Scott, R.J., Jack Morris, T.H.P.B., Roy Brown, S.K. of Z, Dave Guyton, J.K. of Z, and Eddie Correll, Zebratary. At the first meeting this year two candidates were given stripes and it is expected that before December another class will be ready for initiation.

Lawyer Explains New Partnership Statute

Spokane—At the first regular weekly luncheon meeting, members of the Spokane Association had the privilege of hearing an able discussion on Partnerships and Partnerships Limited, by Roy Redfield, one of Spokane's leading attorneys. Mr. Redfield gave particular attention to the new law, Partnerships Limited, which became a law in the State of Washington at the last meeting of the legislature. His talk was very educational and was received enthusiastically by all present.

Geographer Tells of His Research in Russia

Buffalo—Dr. Michael Dorizas, professor of geography of the Wharton School of Finance and Commerce, University of Pennsylvania, was the speaker at the October 25 dinner meeting of the Credit Men's Association of Western New York, held at Hotel Touraine. Dr. Dorizas told of some of his impressions of Soviet Russia during his ten inspection trips in that country. He presented a number of motion pictures and slides to illustrate his talk.

N. Y. Credit Women To Celebrate 20th Anniversary Dec. 6th

New York—The Credit Women's Group of the New York Credit Men's Association will celebrate its 20th Anniverseary on December 6, Miss Julia McCauley, William Iselin & Co., President of the New York Credit Women's Group, and Miss Frances Cone of Macfadden Publications, Inc., Chairman of the Entertainment Committee, are now completing plans for a gala celebration of this anniversary.

The New York Credit Women's Group was the third to be organized in the United States, Los Angeles and Philadelphia winning first honors by a few years. The first President of the New York Credit Women's Group was Miss Grace H. Baker and there were approximately twelve members at the time of the organization. At the present time the group has an enrollment of 104.

At the monthly dinner meeting of the New York Credit Women on November 1st at the Fifth Avenue Hotel, Association President Earl N. Felio, Colgate-Palmolive-Peet Co., gave an interesting review of Credit Association activities and especially the work planned by the New York Association for the current fiscal year. He stressed the importance of Committee Assignments and urged the women to accept their Committee Assignments as a serious part of their Association work.

Miss Lillian Guth, Chairman of the National Credit Women's Executive Committee, who has just returned from a trip in the Middle West, where she visited the Cleveland, Chicago, Milwaukee and Minneapolis credit women's groups, also gave an interesting talk and told of the interest and enthusiasm shown by the credit women throughout the country in Association activities.

Drug Group Holds Credit Conference in Chicago On November 16th

Chicago: C. M. Winterstein, Wyeth, Incorporated, chairman of the Drug Group of the Chicago Association of Credit Men announced that the twelfth annual Drug Chemical & Allied Lines Credit Conference will be held at the LaSalle Hotel in Chicago on Friday, November 16, M. A. Strandell, Johnson & Johnson, chairman of the Conference Committee has arranged for speakers. W. H. Hottinger, Jr., Assistant Secretary and General Counsel, Bowery's, Inc., will talk on the subject "Your Helper—Your Lawyer," Rhae M. Swisher, C.P.A., Rhae M. Swisher & Co., will discuss "Taxes! Taxes! Taxes!" Joseph J. Shine, secretary of the Illinois Pharmaceutical Association will talk on the subject "The Period of Uncertainty and Confusion."

National Construction Machinery Group Talks Today's Credit Problems

The fall conference of the National Construction Machinery Group was held at the Drake Hotel in Chicago on October 24 and 25. R. E. O'Connell, Huber Manufacturing Company of Marion, Ohio, group chairman, opened the conference and with the exception of two speakers the conference confined itself to a general discussion of future credit problems.

During the second day of the Conference Rhae M. Swisher, CPA, Rhae M. Swisher & Co., discussed with the members "What the Credit Man Should Know About Taxes." The guest speaker on the second day of the Conference was Ralph A. Colorado of the Hitchcock Publishing Co., who spoke on the subject, "The South American Viewpoint." Mr. Colorado has just returned from an eight weeks visit in Brazil and Argentina and gave the members of the Group the very interesting facts on the current developments in those two countries. He mentioned the very pleasant relations on prestige that had been built up in Brazil through the Brazilian troops that had participated in the World War and had been afforded the opportunity of seeing the war machines from this country in action.

The discussion leaders at the Conference included S. M. Kerswill, R. G. LeTrouneau, Inc., Urban Hipp, Barber-Greene Co., Fred W. Jacobs, Gardner, Denver Co., Orin J. Greiwe, Lima Locomotive Works, Inc., and Ben T. Wiant, Osgood Co.

Financial Editors of Chicago Newspapers at November 14th Forum

Chicago: A. L. Jones, Armour & Company, chairman of the Meetings Committee prepared for the membership of the Chicago Association of Credit Men, a meeting at the LaSalle Hotel on November 14. The subject for discussion was "The Financial Merry-Go-Round," and the membership had the rare opportunity of seeing and hearing Dave Dillman, Chicago Journal of Commerce, Philip F. Hampson, Chicago Tribune, Herman Gastrell Seely, The Chicago Daily News, O. M. Smucker, The Chicago Sun, and Robert P. Vanderpoel, Chicago Herald American, all financial editors of their respective papers, in addition to a round-table discussion. The moderator for the meeting was William Ayers, nationally known financial writer, Investment Editor of FINANCE Magazine.

President H. H. Faulstich announced that Chicago in its 50th year is making available to its membership these unusually interesting meetings that will be climaxed with a Golden Jubilee Dinner meeting in February, 1946.

Elmer Layden Tells Chicagoans Football Is Now Big Business

Chicago: The question "Football is Big Business" was presented to an audience of 400 members and friends of the Chicago Association of Credit Men at the annual Industry Credit Group meeting that was held in the Mural Room of the Morrison Hotel on Wednesday, October 24, by Elmer F. Layden. Mr. Layden is Commissioner of the National Football League and was one of the Notre Dame's famous "Four Horsemen," protege of the late Knute Rockne, picked as All American Fullback at that time and ultimately succeeded his mentor as football coach at Notre Dame University.

H. H. Faulstich, president of the Chicago Association of Credit Men, welcomed the members and guests in his usual cordial manner and W. F. Sherrill, Nutrine Candy Co., Chairman of the Credit Groups Committee, presented the trophy that was won this year by the Variety Store Suppliers Group.

Manila Association May Soon Be Revived, Fitzgerald Says Here

D. S. Fitzgerald, who was president of the Manila Association of Credit Men at the time of the invasion of the Philippines by the Japanese was a visitor at the National office in New York late in October. Mr. Fitzgerald, who was general manager of the Asiatic Petroleum Corporation, a subsidiary of the Shell Oil Co., was just returning from a visit to the general offices of the Shell Co. in London and stopped in New York on his way back to Manila.

He expects to return to Manila shortly and expresses the hope that the Manila Association of Credit Men will be promptly re-established. Mr. Fitzgerald, as reported in a previous issue of the magazine, spent some thirty-six months in a Japanese concentration camp outside of Manila after the fall of Corregidor. He has many interesting stories to tell about the life of the people who were herded into the interment camps and finally liberated when MacArthur came back to the Islands.

Mr. Fitzgerald points out that all of the larger companies which used Manila as a trading base for the Philippine and Far Eastern trade are now facing the necessity of making a new start for their business establishment in Manila. He estimated that it would be a matter of several months before his company, or others operating on a similar scale, could be ready to even make a start on their usual business operations.

In this connection it is interesting to note that correspondence is now being carried on between a group of people who are interested in establishing a credit organization in Australia. Executive Manager Heimann is in receipt of a letter from Mr. Alan W. Crooks expressing the hope that an organization similar to NACM might be established in Australia, both for the manufacturers, importers, and wholesalers and for those engaged in retail trade as well. A general summary of the credit situation in Australia has been prepared by Mr. Crooks and this will be printed in the December issue of Credit and Financial Management.

Personnel Problems Is Des Moines Subject

Des Moines—Prof. Merrill B. Dilley of the Department of Accounting, Drake University, was the speaker at the October 16 meeting of the Central Iowa Unit of the National Association of Credit Men held at the Younkers Tea Room. Professor Dilley's subject proved especially interesting to the large crowd of business executives in attendance. He spoke on "Personnel Problems in Industry."

New York—John W. Barr of The Quaker Oats Co., who retired from that concern recently, after many years of service, was made a life member of the NYCMA by action of its Board of Directors in September. This honor was accorded Mr. Barr for his many years of Association activity and the contributions which he made during that period to the progress of credit work. Mr. Barr becomes the fifth life member of the Association, the others being—Messrs. Wm. Prendergast, Joseph Sinsheimer, Charles E. Meek, C. D. Potter.

Omaha Conference Talks Promotion Plans for Sales and Credit Work

Omaha—The Conference sponsored by the Omaha Association of Credit Men held at the Hotel Fontenelle Ballroom on Thursday, October 25, drew one of the largest attendance of any meeting held by the local Association.

The Conference started with a noon luncheon, which was addressed by Henry Monsky, Omaha Attorney, who spoke of World Collaboration Under the United Nations Charter.

The afternoon session was devoted to sales and credit problems. First, E. B. Moran of the NACM National Staff spoke on Coordinating Sales and Credits for Maximum Distribution and then served as discussion leader of a forum, at which Clarence L. Kirkland, Manager of Omaha Industries, spoke from a Salesman's standpoint. E. N. Ronnau, Assistant Vice-President and General Credit Manager of the Cook Paint & Varnish Co., Kansas City, and a National Director of NACM spoke from a Creditman's viewpoint. Ray Ridge, Vice-President of the Omaha National Bank, spoke from a Banker's standpoint.

The Conference closed with a dinner session which was addressed by Alfred P. Haake, Ph.D., business consultant and economist, whose subject was "What Can You Do About It?"

New Directory of Accounts

The Central Guarantee Co. of Chicago has just published a Directory of American Accountants, which is believed to be the first complete directory of all certified public accountants in the United States. Credit executives, who have occasion to consult members of the accountants' profession, might find this directory valuable. Copies may be obtained from the Central Guarantee Co., Board of Trade Tower, Chicago. Price is $10.00 per copy.

Three States Join in Credit Conference at Pittsburgh, Nov. 9th-10th

Pittsburgh—The Regional Credit Conference held on November 9 and 10 at the William Penn Hotel drew a large attendance from Credit Associations in Western Pennsylvania, West Virginia and Ohio.

The conference opened on Friday at a luncheon meeting at which Executive Manager Henry H. Heimann gave the address. He spoke on Credit Problems of Industry in the Conversion Era. The afternoon session on Friday was devoted to the Immediate Problems after V-J Day and on Saturday morning the program was centered around "Credit Management's Part in the Revival and Expansion of Private Industry.

Among the subjects discussed at both the Friday and Saturday morning sessions were "Credit Responsibility to Veterans in Business," "Collection of Receivables Arising Out of Terminations," "Surplus Inventory Disposal," the "Expected Building Boom and its Effect on all Business," "Foreign Trade" and "Taxes."

Noted Speakers Talk Peace Problems at Philadelphia Meet

Philadelphia—The one day Conference sponsored by the Credit Men's Association of Eastesn Pennsylvania, held at the Bellevue-Stratford Hotel on November 1, proved to be one of the outstanding meetings of the Credit Men in Eastern Pennsylvania.

The Conference opened on Thursday morning with talks by C. A. Sienkiewicz, Vice-President of the Federal Reserve Bank of Philadelphia, who talked about the Monetary Phase of the Bretton Woods Agreement; another talk was made by Lee H. Hill, publisher of the "Electrical World," who spoke on Trends in Collective Bargaining.

The noon luncheon was addressed by Executive Manager, Henry H. Heimann, who spoke on Some of the Postwar Problems of Credit.

At the afternoon session Wayne C. Taylor, President of the Export-Import Bank of Washington, talked on Financing American Foreign Trade and William L. Batt, President of SKF Industries, directed a symposium of discussions on the Economic and Social Council of the United Nations. The Conference closed with an address at the dinner session by William L. Batt, whose subject was How Does the Rest of the World Look at the United States. The Toastmaster for the dinner session was Dr. George William McClelland, President of the University of Pennsylvania.

Chairman Guth Meets Minnesota "C" Women At Minneapolis Lunch

Minneapolis—Attendance records were broken when Minneapolis, St. Paul and Duluth credit women met at Hotel Radisson, Minneapolis, October 13th at a luncheon honoring Miss Lillian Guth, Treasurer of Emerson-New York, Inc., and Chairman of the National Credit Women's Executive Committee.

The music of a trio made a pleasant background during the luncheon, the St. Paul Group was welcomed and credit women from Duluth introduced. The Duluth visitors expressed interest in organizing the credit women of their city.

Mrs. Thelma Folstad, a Minneapolis member, opened the program with several songs. Miss Guth spoke on the growth and development of Credit Women's Clubs throughout the United States and told of her recent visits to Credit Women's Groups in other large cities. Mr. Brace Bennitt, Executive Secretary, M.A.C.M., was the principal speaker of the afternoon talking on "What Now."

Philadelphia: Mrs. Ester Cole Richardson, Director of the Clubwomen's Centre, spoke on fashions, at the October 11th dinner meeting of the Philadelphia Credit Women's Group. Mrs. Richardson, who is well known in fashion circles in both Philadelphia and New York, spoke especially of the effect of fashions on the life of business women.

Louisville: W. Q. Harned, President of the Louisville Credit Men's Association, told the members of the Credit Women's Group of Louisville at its October 10th dinner meeting some of the important facts about the National Association of Credit Men. A special technicolor film produced by the U. S. Secret Service of the Treasury Department was presented by Louisville agent A. C. Towslee. This dealt with counterfeit money. D. A. Texara of Venezuela also presented a very interesting talk on the agricultural, cultural, social and economic background of his country.

Portland Apparel Men Form Credit Group

Portland: Representatives of the wholesalers and manufacturers of dry goods, textiles, and shoes in the Oregon sales area met recently and organized a special group covering these classifications of trade. This group will meet twice a month to discuss the affairs of common debtors and other problems which beset credits in the apparel field. Membership in this group is to be limited to Interchange users, the same as in other groups operating in this Association.

Credit executives who are having difficulty over collection charges on checks will find a list published each month by the Federal Reserve System quite helpful. The last issue of this par list was issued in September, 1945. Copies may be obtained from any bank a member of the Federal Reserve System.

Kansas City After Class B. Honors in Membership Contest

Kansas City—The Kansas City Association of Credit Men which won a Class "C" membership award in the contest which closed on April 30, 1945, is now out to capture the Class "B" championship during the current session year. This Association started the year with 280 and at the end of September had increased that total to 311. The quota set by the National membership committee for this organization was 316, but present indications are that this quota will be passed before the Christmas holidays.

Since July 1, 1945, the Association has had a gain of 46 new Credit Interchange Contracts and 12 contracts have been increased. Richard Durrett, Sheffield Steel Company, is Chairman of the Membership Committee this year, which now consists of twenty members who are actively engaged in reaching a total membership for the Kansas City Association of 400 by the end of the fiscal year.

Fred L. Andrews, Former Natl. Director, Named President of Company

Denver—Fred L. Andrews, former National Director NACM, has just been elected president of Davis Bros., Inc., wholesale druggist, with which firm he has been connected for a number of years. Davis Bros., Inc., is one of the larger wholesale drug distributors in the Rocky Mountain area. Mr. Andrews has for a considerable time served as Treasurer and General Manager of this large wholesale house, having celebrated on October 18 the 45th Anniversary of his continued service with that firm. Many NACM members, who have met Mr. Andrews at National conventions and Board meetings, will be delighted to know of his election to the presidency of his firm.

Tells of "U" in Business

Kansas City—Dr. Kenneth McFarland, Superintendent of Schools, Topeka, Kansas, was the speaker at the opening dinner meeting of the Fall session for the Kansas City Association of Credit Men held at the President Hotel on October 16. Dr. McFarland spoke on "The U in Business."

Milwaukee Credit Women Entertain National Chairman

Milwaukee: The Wholesale Credit Women's Group of Milwaukee entertained Miss Lillian Guth, New York Chairman of the National Credit Women's Executive Committee, Miss Irene Austin of Chicago, and Miss Alleen Harrison of Louisville, who are past chairmen of this important National Committee, and also Frances Sauer of Chicago, a present member of the National Committee. On October 11th the members of the Milwaukee Credit Women's Group gathered for a cocktail hour as a guest of President Helen Dors, immediate Past President Sophia Baumgartel, and Charter President Loretta Fischer. Thirty-seven members of the Milwaukee Group attended this reception and dinner in honor of the visiting members of the National Credit Women's Committee.

Ralph W. Carney Tells Seattle "C" Men of Propaganda Dangers

Seattle—Ralph W. Carney, Vice President of The Colman Company, Inc., Wichita, Kansas, was the speaker at the October 24 monthly dinner meeting of the Seattle Association of Credit Men, held at Hotel Gowman. Ever since the National convention in St. Louis members of the Seattle delegates have been attempting to persuade Mr. Carney to come to Seattle to make a talk. Mr. Carney's subject for this meeting was "A Business Man Speaks Up" in which he discussed the problems of the spread of socialism, collectivism, and the rights of the individual. This was one of the largest meetings of the local Association in years. Mr. Carney lived up to his nation-wide reputation as an inspirational speaker and held his audience spell bound for more than an hour.

Providence "C" Men Hear Doughton Tell of "The Tax Problem"

Providence—The members of the Rhode Island Association of Credit Men will be special guests at the dinner meeting of the Providence Chapter of National Association of Cost Accountants on November 19. Robert L. Doughton, Chairman of the House Ways and Means Committee will be the speaker, his subject being "The Tax Problem." As Congressman Doughton serving as Chairman of the House Ways and Means Committee plays an important part in the new tax bill which recently was passed by the House of Representatives, he, no doubt, will have an interesting message to present on the aims of the Congressmen for the new tax measure.

New York "C" Men To Present Insurance Questions at Forum

New York: The Forum and Public Meetings Committee has arranged for a special forum meeting on Tuesday noon, November 27th, when experts in the various branches of the insurance industry will be on hand to reply to numerous questions presented by members on insurance and its relations to credit.

This forum meeting has been put on at the request of the insurance committee of the New York Association and also the special insurance group which is made up entirely of those interested in various phases of insurance. The first announcement of this insurance forum brought a reservation response from more than 200 members and it is expected that this number will be increased before the date of holding the forum meeting on November 27th.

Stuart Chase, the noted economist, was a speaker at the October 30th forum held at the Commodore Hotel. His subject was "Is Full Employment Possible?" This forum meeting, which was also under the direction of the Public Meetings Committee, was presided by A. James Mill of the Mill Factors Corp., who is chairman of this committee.

Joseph P. Kennedy Tells Bostonians of Plans for State Commerce Dept.

Boston—On Tuesday evening, October 23, 1945, Honorable Joseph P. Kennedy, former Ambassador of the United States to the Court of St. James; Chairman of the Security Exchange Commission 1934-35; and the U. S. Maritime Commission 1937-38; and at present Chairman, Special Commission Relative to Establishing a State Department of Commerce for the state of Massachusetts, spoke before the Boston Credit Men's Association.

Mr. Kennedy addressed the meeting on the objectives and work of the Commission, which has commanded the attention and consideration of executives in all branches of industry. Mr. Alfred D. Polsey, president, presided.

NEW YORK: The December issue of *Credit Executive* will commemorate the golden anniversary of the New York Credit Men's Association. The issue will contain more than seventy pages and will cover a number of features coincident with the fiftieth anniversary of the organization of the New York Association. One of the features will be to list the names of 120 firms which have held continuous membership in the Association for thirty five years or more.

Waterbury Credit Men Hear Talk on "Exports" by Banker

Waterbury: Joseph J. Moran, vice president of the Bank of Manhattan, New York City and manager of the Export department of that bank spoke on "Credit in the Export Field, at the October 24th meeting at the Waterbury Association of Credit Men held at Hotel Elton. Mr. Moran stressed the point that the U. S. must create credits in this country for the use of foreign countries if we are to prosper ourselves, and we must purchase from foreign markets if we are going to make it possible for them to purchase our goods.

Pittsburghers Hear of "Business Trends" at October 23rd Luncheon

Pittsburgh-Roscoe Seybold, Vice-President and Comptroller, of the Westinghouse Electric Corporation, was the speaker at the October 23 Credo Luncheon Meeting of the Credit Association of Western Pennsylvania. Mr. Seybold's subject was "Current Business Trends." His talk was based entirely on the financial side of business and he presented some rather startling views on possible developments in this phase of industry during the next few months.

Appliance and Radio Distributors Form N. J. Credit Group

Newark—Radio and appliance distributors of Northern New Jersey decided at a meeting held at the Hotel Sheraton early in October to establish a Credit group within the New Jersey Association of Credit Men. William H. Whitney of the New Jersey Association will serve as Secretary of the group.

It will include distributors merchandising in New Jersey as well as banks that operate time-payment departments for the purchase of radio and home appliances.

State Charter Is Issued to Columbus Credit Association

Columbus: At a well attended initial meeting Wednesday, October 3rd, at the Fort Hayes Hotel, President Harry S. Hahn presented the new State Charter authorizing the Columbus Credit Association to operate in Ohio as a non-profit organization. A new NACM charter had previously been issued.

Those present represented some of the outstanding commercial, industrial and banking institutions in the city.

President Hahn introduced and presented the officers as follows: Vice President W. B. White, Smith Bros. Hardware Co.; Secretary A. M. Sutherland, Mill Mutuals; Treasurer, E. W. Hillman, Federal Glass Co. He then spoke briefly of the future plans of the organization and its possible membership.

Frederick H. Schrop, representing the National Association of Credit Men, New York, spoke on the subject "The Organization of a Credit Association" and discussed plans for the completion of the Columbus organization.

President Hahn stated that inasmuch as the operations of an Association are largely through Committees, he will immediately proceed with the formation of proper Committees as a nucleous and will announce the names of Chairmen and members very shortly with the proviso that they will be supplemented with additional names as the membership increases.

He further observed that with the enthusiasm in evidence, he felt certain that the Columbus Credit Association would soon take its place with other Associations located in commercial centers of the country of similar size.

Treasurer E. W. Hillman reported a satisfactory balance in the Treasury.

30 Students Attend Opening Credit Class at Johns Hopkins U.

Baltimore: The Baltimore Chapter of the National Institute of Credit resumed its course in Credit Management at Johns Hopkins University this year. The course has not been held for two years because of war-time conditions, but previously was conducted for twenty-five consecutive years. At the opening session, October 5, 1945, thirty students attended. Mr. George T. Briank, Jr., instructor, states that this is one of the largest classes in the history of credit education in Baltimore, and the large enrollment was primarily due to the promotional efforts of the Baltimore Association of Credit Men. There are about twenty different types of businesses represented in the class, which includes public utilities, engineering, banking and industrial organizations. The students also are representatives of the manufacturing, wholesaling and retailing classification.

Joseph H. Scales, NACM Vice President, 1927, Dies in Louisville

Louisville—Joseph H. Scales, president of the Louisville Credit Men's Association in 1907 and 1908, died at his home here late in October. Mr. Scales was a National Director of NACM for two terms including the years 1911 to 1916. In 1927 he was named a Vice-President representing the Central District.

Mr. Scales was formerly connected with the Belknap Hardware & Manufacturing Co. and later became Vice-President of the Citizens Union National Bank.

He had a strong influence on the credit profession during the period of his activity and became known in banking circles as a leading authority on the matter of credit as it applied to bank loans.

Television Explained and Demonstrated at Big Chicago Meeting

One of the outstanding meetings of the year sponsored by The Chicago Association of Credit Men was held on October 10 in the Grand Ballroom of the LaSalle Hotel. The subject under discussion was "Television" and the question of television and its possibilities in the future were ably explained to an overflow attendance of 1500 by Richard H. Hooper, Radio Corporation of America. Mr. Hooper was well qualified to talk on the subject because of his vast experience in the past, president and the future planning of this very intriguing development of electronics. One of the interesting statements made by the speaker was that a tube has been developed so that an image can be reproduced from the light of one candle.

In addition to the discussion television, through the courtesy of the Commonwealth Edison Company and the Balaban & Katz Corporation, an actual demonstration of Television sets in action were made available to the large audience. Station WBKB televised a special program of Bill Anson's Telequizical and members in attendance had the benefit of being called to the telephone, answering the questions propounded by Mr. Anson and the opportunity of participating in the prizes offered on this televised program one of the members won a vacuum cleaner.

Stag Entertainment at Detroit

Detroit—The Detroit Association on November 7 put on a Stag entertainment which was announced as being a sure cure for "termination jitters." One feature of the announcement of the entertainment was that the attendance would be limited to 75 and only those who sent in their reservations with checks would be eligib'e for the seventy-five tickets.

President Simpson Names Service to Veterans as "Our Job"

Birmingham—National President, Robert L. Simpson of New Orleans, declared in his talk at the annual "boss night" banquet of the Wholesale Credit Women's Club of Birmingham that the responsibility of the credit executives to the returning servicemen is one of our most important tasks during the next twelve months. Mr. Simpson pointed out that it will be the obligation of credit executives to advise these returning servicemen wisely, so that they will not make a failure of their first effort in business.

In reviewing the importance of the National Credit Association in the general business field, Mr. Simpson explained the functions of the parent organization and discussed the various phases of the National Association work. The national organizations, he said, represents 22,000 members linked together by a spirit of cooperation, unselfishness and confidence. A new system of information on credit interchange is being perfected, Mr. Simpson declared, which will provide credit executives with more accurate information gained more quickly.

One of the biggest fields of the National Credit Association is in legislation, Mr. Simpson asserted, and cited a number of outstanding laws sponsored by the credit groups.

Miss Loraine Day of Lawton Auto Parts, president of the Wholesale Credit Women's Club, presided at the meeting, and gave a brief history of the organization.

Each member introduced to the club her boss, these men being honor guests.

Toledo: The first fall meeting of the Toledo Credit Women's Club was attended by 23. After dinner at the Woman's Club, Arthur D. Diller, Chief Vocational Adviser for the Veteran's Administration Guidance Bureau in the University of Toledo gave a talk on his work. The attendance at the October meeting was 27, and the guest speaker was Mr. W. A. LeBrun, Director of Sales, Export Division of the Toledo Scale Company, who talked on South America. A panel discussion is being planned for the November meeting, the topic of which will be "Peace in Our Time."

Cleveland: Members of the Cleveland Credit Women's Club were honored to have Miss Lillian Guth, chairman, National Credit Women's Executive Committee, in Cleveland the first week-end in October.

On Saturday noon, October 6th, the members met informally for luncheon in her honor at the Mid-day Club.

Miss Jane White, past Chairman of National Credit Women's Executive Committee invited the past Presidents, present officers and committee chairmen to a tea at her home on Sunday, October 8th.

On Monday night the "Know Your Association" meeting was held at Hotel Cleveland, to which each member invited her boss. The Board of Trustees of The Cleveland Association of Credit Men were also invited. During the dinner hour Miss Dorothy Crandall, WTAM organist entertained with music. Following the dinner E. B. Gausby, President of the Cleveland Assn. of Credit Men gave greetings. Mrs. Lucy Killmer, National Credit Women's Executive Committee and K. S. Thomson, Executive Secretary of Cleveland Assn. of Credit Men told of the various activities of the National and local Association.

Miss Lillian Guth gave an interesting report on her committee's work.

Miss Kathryn Sirc, President of the Cleveland Credit Women's Club and Trustee of the Cleveland Association, has just been elected Treasurer of her company, The Edgar A. Brown, Inc., Cleveland, Ohio.

Atlanta: Our October meeting featured Miss Christine Smith, movie censor for the City of Atlanta. We were challenged with our "privilege" of receiving the type movies we demand as evidenced by the type pictures we support. Had you thought of the ready-made market for American products that results when our pictures are shown in foreign countries? As other nations see the "luxuries" we enjoy their orders will automatically come to us. . . . Our Education committee reported four of our club member enrolled in the present class of Economics as sponsored by the Credit Association, with a good prospect for three or four more "students." . . . We are looking forward to the Southeastern District Credit Conference to be held in Atlanta on November 15-16. A special invitation is extended Credit Women in this district to be with us in these sessions.

Denver: The regular monthly dinner meeting of the Denver Credit Women's Club was held at the Auditorium Hotel, Monday, October 15. Following the dinner and a business meeting conducted by Miss Mary Elliott, president, Mr. J. V. McKelvy, secretary of the Rocky Mountain Association of Credit Men gave a very interesting talk on the subject "Your Credit Association and You."

Detroit: The September meeting of the Credit Women's Club was held at the Fort Shelby Hotel. The guest speakers at the dinner were officers and directors of the "Detroit Association of Credit Men." Mr. L. E. Phelan, Secretary-manager, announced that September, 1946, would be the 50th anniversary of the "Detroit Association of Credit Men" and he hoped that at that time, the membership would be 1,000.

Now — MATCH THEIR BEST WITH YOUR MOST IN THE VICTORY LOAN!

Top off your good work on your Payroll Savings Plan with an outstanding showing in the Victory Loan—our last all-out effort!

Help bring our boys back to the homes for which they fought—and give our wounded heroes the best of medical care—by backing the Victory Loan! You know your quota! You also know by past war-loan experience that your personal effort and plant solicitation are required to make your quota.

Sell the New F.D. Roosevelt Memorial $200 Bond through your PAYROLL SAVINGS PLAN!

In rallies, interdepartmental contests, and solicitations, promote the new Franklin Delano Roosevelt Memorial $200 Bond! Better than "cash in hand," Victory Bonds enable the buyers to build for the future—assure a needed nest egg for old age.

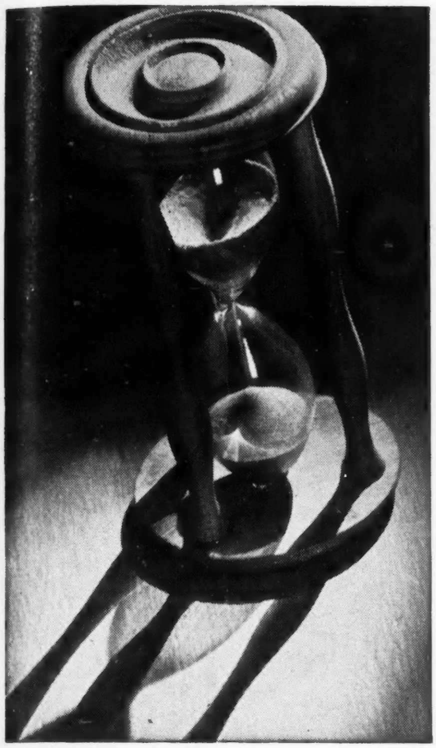
Keep on giving YOUR MOST to the Victory Loan! All Bond payroll deductions during November and December will be credited to your quota. Every Victory Bond is a "Thank You" to our battle-weary men overseas—also a definite aid in making their dreams of home come true! Get behind the Victory Loan to promote peacetime prosperity for our returning veterans, your nation, your employees-- and your own industry!

The Treasury Department acknowledges with appreciation the publication of this message by

CREDIT AND FINANCIAL MANAGEMENT

VICTORY LOAN

This is an official U. S. Treasury advertisement prepared under auspices of Treasury Department and War Advertising Council



Why Let the Sands of Time Run Against You

"The problem that confronts the United States differs in degree, but not in kind, from that which faces Canada, Great Britain, and other nations that are at war.

"In each case, it is necessary to improve the quality of speedy economic diagnosis, by training men and women who will be accustomed to think clearly in the presence of the facts, and to consider those facts against the background of economic theory and economic history."— F. Cyril James, Vice Chancellor, McGill University, Montreal, Canada.

Prepare Now for Credit Opportunities

Success in Credit Management depends more and more on a sound knowledge of the underlying principles of credit. The man who masters credit reaches the heart of successful business procedure.

The National Institute of Credit offers you a training course that gives you a thorough background of credit principles and practice, and fits you for more efficient administration of credit department duties.

nic

National Institute of Credit One Park Avenue, New York 16, N. Y.

Please send me details of your Credit and Collection Course, without obligation to me.

Name ....

Address ....

City .... 544 State..................